



Continual improvement is an unending journey

// CERTIFIED TRUE COPY //

FOR LANCO INFRA TECH LIMITED

*[Signature]*  
C. KRISHNAKUMAR  
Sr. Vice-President &  
Company Secretary



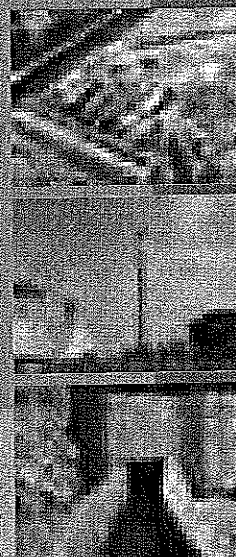
**Lanco Infratech Limited**

Annual Report | 2009-2010




# Contents

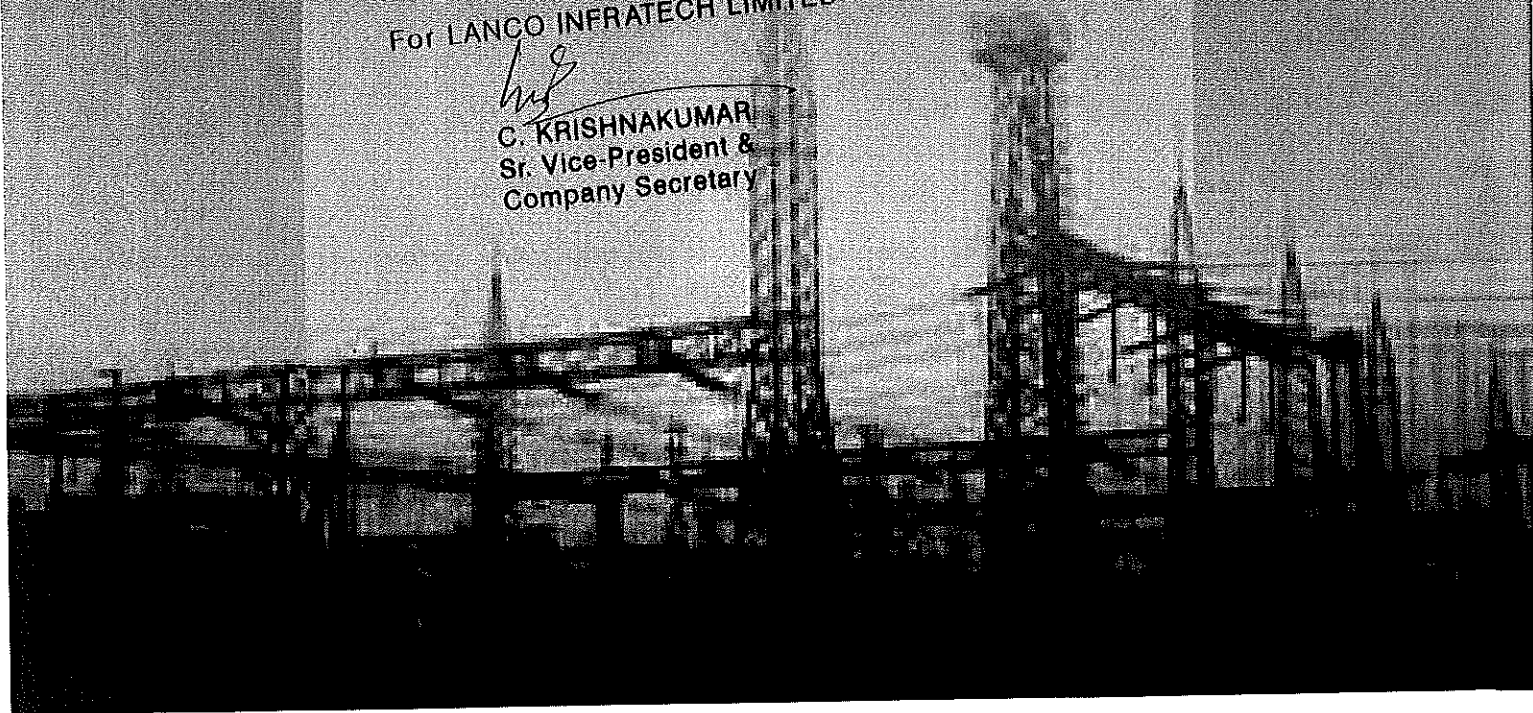
1	Corporate Information
3	Year at a Glance
4	Directors' Report
9	Management Discussion and Analysis
24	Report on Corporate Governance
	Abridged Financial Statements
35	Auditors' Report
40	Balance Sheet
41	Profit and Loss Account
42	Cash Flow Statement
44	Notes to Abridged Financials
	Consolidated Financial Statements
63	Auditors' Report
64	Balance Sheet
65	Profit and Loss Account
66	Schedules
95	Cash Flow Statement



// CERTIFIED TRUE COPY //

For Lanco Infratech Limited

  
C. KRISHNAKUMAR  
Sr. Vice-President &  
Company Secretary



# Corporate Information

## Board of Directors

Mr. L. Madhusudhan Rao	-	Executive Chairman
Mr. G. Bhaskara Rao	-	Executive Vice-Chairman
Mr. L. Sridhar	-	Vice-Chairman
Mr. G. Venkatesh Babu	-	Managing Director
Dr. Pamidi Kotaiah	-	Director
Mr. P. Abraham	-	Director
Dr. Uddesh Kumar Kohli	-	Director
Mr. P. Narasimharamulu	-	Director
Dr. B. Vasanthan	-	Director
Mr. J. Suresh Kumar	-	Chief Financial Officer
Mr. C. Krishnakumar	-	Sr. Vice-President & Company Secretary

## Auditors

### **Brahmayya & Co.,**

Chartered Accountants,  
No. 48, Masilamani Road, Balaji Nagar, Royapettah,  
Chennai – 600 014, Tamil Nadu, India.

### **Price Waterhouse,**

Chartered Accountants,  
Building 8, 7th & 8th Floor,  
Tower-B, DLF Cyber City,  
Gurgaon-122 002, Haryana, India.

## Registered Office

: Plot No.4, Software Units Layout, HITEC City,  
Madhapur, Hyderabad – 500 081, Andhra Pradesh, India.  
Phone: +91-40-4009 0400, Fax: +91-40-2311 6109  
E-mail: [complianceofficer.litl@lancogroup.com](mailto:complianceofficer.litl@lancogroup.com)  
Website: [www.lancogroup.com](http://www.lancogroup.com)

## Corporate Office

: Lanco House, Plot No. 397, Udyog Vihar, Phase-3,  
Gurgaon-122 016, Haryana, India.  
Phone: +91-124-474 1000, Fax: +91-124-474 1764

**Bankers and Financial Institutions  
of the company**

: Allahabad Bank  
Andhra Bank  
Bank of Baroda  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Corporation Bank  
DBS Bank Limited  
Dena Bank  
HDFC Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
IndusInd Bank Limited  
Infrastructure Development Finance company Limited  
ING Vysya Bank Limited  
Kotak Mahindra Bank Limited  
Life Insurance Corporation of India  
Oriental Bank of Commerce  
Punjab & Sind Bank  
Punjab National Bank  
Srei Infrastructure Finance Limited  
State Bank of Bikaner & Jaipur  
State Bank of Hyderabad  
State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
Syndicate Bank  
Tata Capital Limited  
The Catholic Syrian Bank Limited  
The Jammu & Kashmir Bank Limited  
UCO Bank  
Union Bank of India  
Vijaya Bank  
Yes Bank Limited

**Registrars & Share Transfer Agents**

: **Link Intime India Private Limited**  
(Unit: Lanco Infratech Limited)  
Regd. Office: C-13, Pannalal Silk Mills Compound, L.B.S Marg,  
Bhandup (West), Mumbai – 400 078, Maharashtra, India.  
Phone: +91-22-2594 6970, Fax: +91-22-2594 6969  
E-mail: [lanco@linkintime.co.in](mailto:lanco@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## YEAR AT A GLANCE

DETAILS	Rs. Millions		Change
	2009-10	2008-09	%
Gross Revenue	82,160	60,614	36
Earning before Depreciation, Interest and Tax	16,354	8,788	86
Depreciation	3,479	1,073	224
Earning before Interest and Tax	12,875	7,715	67
Interest and Finance charges	3,554	2,185	63
Earning before Tax	9,321	5,530	69
Provision for Taxation	3,643	1,690	116
Profit after Tax( Before Minority Interest and Share of Profits from Associates)	5,678	3,840	48
Share of Minority Interest	915	1,041	(12)
Share of Profits/ (Loss) from Associates	-178	5	(3,904)
Profit after Tax( After Minority Interest and Profits in Associates)	4,585	2,804	64
Cash from Operating Activities	1,557	2,383	(35)
Share Capital	2,385	2,198	9
ESOP Outstanding	746	207	260
Reserves & Surplus	30,316	18,570	63
Minority Interest	7,108	7,033	1
Net Worth	33,448	20,976	59
Loan Funds	83,614	55,970	49
Deferred Tax Liability	1,003	175	474
Gross Block	61,644	23,867	158
Cumulative Depreciation	10,867	7,615	43
Net Fixed Assets	50,777	16,252	212
Capital Work in Progress	19,237	37,887	(49)
Investments	20,229	9,837	106
Current Assets	70,039	51,509	36
Current Liabilities	35,110	31,331	12
Net Current Assets	34,929	20,178	73
Total Assets	160,283	115,485	39
Earning Per Share (in Rs.)			
Basic	2.05	1.33	54
Diluted	2.02	1.31	54

# DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2010.

## CONSOLIDATED FINANCIAL RESULTS

Rs. Millions

	Year ended 31st March,		Change (%)
	2010	2009	
<b>INCOME</b>			
Sales, Operating and Other Income	82,914.99	61,262.04	35
Less: Elimination of Unrealised Profit on Transactions with Associate Companies	755.31	647.59	17
<b>Total</b>	<b>82,159.68</b>	<b>60,614.45</b>	<b>36</b>
<b>EXPENDITURE</b>			
Construction, Generation and Operating Expenses	61,493.77	49,075.83	25
Administrative and Other Expenses	4,311.48	2,750.21	57
Interest and Finance Charges	3,554.11	2,184.90	63
Depreciation	3,478.80	1,073.39	224
<b>Total</b>	<b>72,838.16</b>	<b>55,084.33</b>	<b>32</b>
<b>Profit Before Taxation, Minority Interest and Share of Profits of Associates</b>	<b>9,321.52</b>	<b>5,530.12</b>	<b>69</b>
<b>Provision for Taxation</b>			
- Current Tax	2,658.53	1,651.46	61
- Relating to Previous Years	151.97	16.76	807
- Fringe Benefit Tax [including Rs. 4.12 Million (2009: Nil) relating to previous year]	4.12	20.49	(80)
- Deferred Tax	828.22	1.69	48,831
<b>Net Profit after Taxation, before Minority Interest and Share of Profits of Associates</b>	<b>5,678.69</b>	<b>3,839.72</b>	<b>48</b>
Less: Share of Minority Interest	915.24	1,040.83	(12)
Add: Share of Profits of Associates	(177.97)	4.68	(3,904)
<b>Net Profit after Taxation, Minority Interest and Share of Profits of Associates</b>	<b>4,585.48</b>	<b>2,803.57</b>	<b>64</b>
Surplus brought forward	7,795.53	5,297.87	47
Less: Exchange Fluctuation Gain netted in Fixed Assets relating to earlier year	-	183.90	(100)
<b>Profit Available for Appropriation</b>	<b>12,381.01</b>	<b>7,917.54</b>	<b>56</b>
Transfer (from) / to Debenture Redemption Reserve	(24.23)	(17.99)	35
Transferred to General Reserve	190.00	140.00	36
<b>Balance Carried to Consolidated Balance Sheet</b>	<b>12,215.24</b>	<b>7,795.53</b>	<b>57</b>



**STANDALONE FINANCIAL RESULTS**

Rs. Millions

	Year ended 31st, March		Change (%)
	2010	2009	
<b>INCOME</b>			
Operating Income & Other Income	59,982.14	40,976.47	46
<b>Total</b>	<b>59,982.14</b>	<b>40,976.47</b>	<b>46</b>
<b>EXPENDITURE</b>			
Construction and Operating Expenses	46,433.08	32,900.92	41
Administrative and Other Expenses	3,770.92	2,253.83	67
Interest and Finance charges	1,979.40	1,386.12	43
Depreciation	597.71	405.26	47
<b>Total</b>	<b>52,781.11</b>	<b>36,946.13</b>	<b>43</b>
<b>Profit Before Taxation</b>	<b>7,201.03</b>	<b>4,030.34</b>	<b>79</b>
<b>Provision for Taxation</b>			
Current Tax			
For the year	2,441.91	1,342.26	82
Earlier years	19.57	15.16	29
Deferred Tax	(124.27)	7.12	(1,845)
Fringe Benefit Tax	-	17.12	(100)
<b>Profit after Taxation</b>	<b>4,863.82</b>	<b>2,648.68</b>	<b>84</b>
Balance of Profit brought forward	5,853.82	3,205.14	83
<b>Balance of profit Carried to Balance Sheet</b>	<b>10,717.64</b>	<b>5,853.82</b>	<b>83</b>

**OPERATIONS REVIEW**

On a Consolidated basis your Company has reported Gross Revenues of Rs.82,159.68 Millions as against Rs.60,614.45 Millions of Revenues registered in the Previous Year up by 36%. Total Expenditure for the Year was Rs.72,838.15 Millions as against Rs.55,084.33 Millions in the Previous Year an increase of 32% on the back of increased execution activities of various projects. The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to Rs.16,354.44 Millions while the same was Rs.8,788.41 Million for the Previous Year i.e. an increase of 86%. The Profit Before Taxation stood at Rs.9,321.53 Millions, an increase of 69% as compared to Rs.5,530.12 Millions in the Last Year.

The Net Profit After Tax after adjustment of Minority Interest and Share of Profits of Associates was Rs.4,585.48 Millions as against Rs.2,803.57 Millions for the Previous Year, increase by 64%.

Gross Interest and Finance charges on consolidated basis amounted to Rs.3,554.11 Millions in comparison to Rs.2,184.90 Millions due to increase in loans and Working Capital Requirements for Project Execution.

A detailed discussion on the results of the operations and the financial condition is included in the Management Discussion and Analysis section placed at **Annexure-II** to this report.

**BUSINESS REVIEW**

A detailed business review is being given in the Management Discussion and Analysis Section of the Annual Report.

**SUBSIDIARY COMPANIES**

During the Year – (1) Coral Orchids Private Limited, (2) Cressida Properties Private Limited, (3) Jupiter Infratech Private Limited, (4) Leda Properties Private Limited, (5) Thebe Properties Private Limited, (6) Uranus Infratech Private Limited, (7) Lanco Enterprise Pte. Limited, Singapore, (8) Lanco Infratech (Mauritius) Limited and (9) Pt. Lanco Indonesia Energy have become Subsidiaries of the Company.

During the year, the names of the following Subsidiaries have been changed.

(1) Lanco Power Trading Limited (Formerly Lanco Electric Utility Limited), (2) Lanco Amarkantak Power Limited (Formerly Lanco Amarkantak Power Private Limited), (3) Lanco Vidarbha Thermal Power Limited (Formerly Lanco Mahanadi Power Private Limited).

**HEALTH, SAFETY AND ENVIRONMENT**

The Group's concern for environment was recognized, as Aban Power Company Limited, a Subsidiary of the Company, won Teri Corporate Award for "Excellence in Environment and CSR Activities" in June, 2009.

The Group is consciously making forays in Renewable Energy Sector, into Solar Power Projects in addition to the on-going Hydro Projects.

The coveted certification like OHSAS 18001 in respect of Environment Management System was bestowed, in recognition of the commitment of the Group in respect of issues of Health, Safety & Environment.

**DIRECTORS**

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. L. Madhusudhan Rao, Mr. L. Sridhar and Mr. G. Venkatesh Babu, Directors, retire by rotation and being eligible offer themselves for re-appointment.

Mr. D.V. Rao, Joint Managing Director, resigned to his position from the Board with effect from 7th August, 2009.

**DEPOSITS**

Your Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules, 1975 during the year under review.

**AUDITORS**

Brahmayya & Co., Chartered Accountants, and Price Waterhouse, Chartered Accountants, Auditors of the Company, will retire at the conclusion of the Annual General Meeting.

Price Waterhouse, Chartered Accountants, vide their Letter Dated 11th June, 2010, conveyed their inability to be considered for re-appointment as Auditors.

Special Notices, under Section 190 of the Companies Act, 1956, were received, proposing an Ordinary Resolution to appoint S.R. Batliboi &

Associates, Chartered Accountants, and Brahmayya & Co., Chartered Accountants, as Auditors from the conclusion of the Annual General Meeting to the conclusion of the next Annual General Meeting, in place of the retiring Auditors.

S.R. Batliboi & Associates, Chartered Accountants, conveyed their willingness to accept appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

Brahmayya & Co., Chartered Accountants, conveyed their willingness to accept appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

#### **DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

We present the abridged accounts under Section 219 of the Companies Act, 1956. Pursuant to the Companies (Central Government's) General Rules & Forms, 1956 read with Section 219 of the Companies Act, 1956, the Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required by Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 have not been provided. However, these particulars are available for inspection at the Registered Office of the Company and upon written request from a shareholder, we will arrange to mail these details.

#### **DISCLOSURE ON COMPANY'S EMPLOYEES STOCK OPTION PLAN-2006**

The Employee Stock Option Plan-2006 was approved by a Special Resolution passed by the Shareholders in the Extraordinary General Meeting held on 7th June, 2006.

The required information relating to the said scheme pursuant to Clause 12 of the SEBI (ESOS/ESPS) Guidelines, 1999, is enclosed as an **Annexure-I**.

#### **PARTICULARS OF EMPLOYEES**

We present the abridged accounts under Section 219 of the Companies Act, 1956. Pursuant to the Companies (Central Government's) General Rules & Forms, 1956 read with Section 219 of the Companies Act, 1956, the Particulars of Employees as required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975 have not been provided. However, these particulars are available for inspection at the Registered Office of the Company and upon written request from a shareholder, we will arrange to mail these details.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis as required under Clause-49 (IV)(f) is enclosed as **Annexure-II**.

#### **CORPORATE GOVERNANCE**

The Report on Corporate Governance is given separately in this Annual Report. The Certificate of Practising Company Secretary certifying compliance in this regard is annexed to this report.

Note on Particulars required as per Section 212 of the Companies Act, 1956

As per Section 212 of the Companies Act, 1956, we are required to attach the directors' report, balance sheet, and profit and loss account of the subsidiaries. We had applied to the Government of India for an exemption from such attachment as we present the audited consolidated financial statements in the annual report. We believe that the consolidated accounts present a full and fair picture of the state of affairs and the financial condition and is accepted globally. The Government of India has granted exemption from complying with Section 212. Accordingly, the annual report does not contain the financial statements of these subsidiaries. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the Holding and Subsidiary Companies' investors seeking such information at any point of time and will be put on the Website of the Company at [www.lancogroup.com](http://www.lancogroup.com).

The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any investor at our Registered Office and that of Subsidiary Companies concerned.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures are made from the same;
- (ii) We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the period;
- (iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) We have prepared the annual accounts on a going concern basis.

#### **INFORMATION ON OBSERVATIONS IN ANNEXURE TO AUDITORS' REPORT**

In Item No. 21 of the Annexure to the Auditors' Report, the facts are stated giving fullest information and are self explanatory. It is confirmed that systems have been further strengthened to exercise better control to prevent such instances in future.

#### **DEVELOPMENTS DURING THE YEAR**

On 7th August, 2009, 1,84,18,587 (One Crore Eighty Four Lakhs Eighteen Thousand Five Hundred and Eighty Seven) Equity Shares of Face Value of Rs.10/- each were allotted at an Issue Price of Rs.394.90 Per Equity Share (including Rs.384.90 Per Equity Share towards Share Premium) under the Qualified Institutions Placement.

One Equity Share of the Company of face value of Rs.10/- each fully paid-up was sub-divided into 10 (Ten) Equity Shares of Re.1/- each face value as fully paid-up, pursuant to the resolutions passed through Postal Ballot on 14th December, 2009, the record date being 5th January, 2010.

Approval was accorded to the Board of Directors pursuant to Section 293(1)(a) of the Companies Act, 1956, through Postal Ballot on 19th March, 2010 to Sell, Transfer and/or dispose of the whole or substantially whole of the Investments held by the Company in Subsidiaries, Associates and other Group Companies in the Power Segment to any Wholly Owned Subsidiary of the Company in the Power Segment.

#### **ACKNOWLEDGEMENT AND APPRECIATION**

The Directors take this opportunity to thank the Shareholders, Financial Institutions, Banks, Customers, Suppliers and Regulatory & Governmental Authorities for their continued support to the Company. Further, the Directors wish to place on record their appreciation of Employees at all levels for their hard work, dedication and commitment.

#### **FOR AND ON BEHALF OF THE BOARD**

**Dr. P. KOTAIAH**  
Director

**G. VENKATESH BABU**  
Managing Director

Place: Gurgaon,  
Date: 11.06.2010.



## Annexure I – FORMING PART OF THE DIRECTORS' REPORT

**Disclosure in compliance with Clause 12 of the SEBI (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999 as amended**

Sl. No.	Description	Employees Stock Options Plan 2006
1	Total Number of Options under the plan	111,180,960
2	Options granted during the year	9,242,090
3	Pricing Formula	The options issued by the ESOP Trust shall be at Par Value subject to the adjustments for corporate actions such as Bonus, Consolidation and Split.
4	Options vested as of March 31, 2010	26,342,870
5	Options Exercised during the year	18,724,360
6	The total number of shares arising as a result of exercise of option ( As of March 31, 2010)	20,548,980
7	Options lapsed during the year	4,277,500
8	Variation of Terms of options upto March 31, 2010	Nil
9	Money realised by exercise of Options	Rs.4,550,019
10	Total Number of options in force as on March 31, 2010	75,424,480
11	Employee wise details of options granted to	
	(i) Senior Management during the Year	List enclosed as annexure (I) (a)
	(ii) Employees holding 5% or more of the total number of options granted during the year	List enclosed as annexure (I) (b)
	(iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant.	Nil
12	Diluted Earnings Per Share pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20	Rs.2.14
13	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options. The impact of the difference on profits and on EPS of the Company.	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options.
14	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Exercise Price Rs.0.243 Per Option, Fair Value Rs. 39.29 as on 29.07.2009 and Rs.51.34 as on 27.01.2010.
15	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	Since these options were granted at a nominal exercise price, intrinsic value on the date of grant approximates the fair value of options.
	(a) risk free interest rate	8%
	(b) expected life	7 Years
	(c) expected volatility	30%
	(d) Expected dividends, and	Nil
	(e) the price of the underlying share in market at the time of option grant.	(i) For Grant of 29.07.2009 - Rs.43.24 (ii) For Grant of 27.01.2010 - Rs.49.55
Note - For the sake of Consistency and uniformity, the options have been shown as of the Face Value of Re.1/- each (though the Face Value was Rs.10/- till January 5, 2010)		

## Annexure – (I) (a)

### Employee wise details of Options Granted to Senior Management during the Year 2009-10

Sl. No.	Name of the Employee	Number of Options Granted
1	Mr. G. Venkatesh Babu	500,000
2	Mr. P. Panduranga Rao	400,000
3	Mr. K. Raja Gopal	210,000
4	Mr. Pradeep Lenka	210,000
5	Mr. S. Pochender	210,000
6	Mr. S. M. Roy	158,350
7	Mr. S. C. Manocha	460,000
8	Mr. Sanjay Kumar Mittal	255,000
10	Mr. V. Saibaba	301,050
11	Mr. K. K. V. Naga Prasad	255,000
12	Mr. J. Suresh Kumar	340,000
13	Mr. Kamat S.V	113,350
14	Mr. V. Ravindran	37,500
15	Mr. K. K. Panda	24,350
16	Mr. V. K. Reddy	36,700
17	Mr. E. Ravi Keshav	28,000
18	Mr. M. N. Ravi Shankar	21,900
19	Mr. B. K. Sharada	29,400
20	Mr. Vinod Kumar Kapoor	39,150
21	Mr. Rakesh Kumar Gupta	41,100
22	Mr. Satyendra Kumar	28,300
23	Mr. Gadde Ramesh	23,850
24	Mr. Brijendra Sharma	19,550
25	Mr. B. Narsinga Rao Mohan	18,200
26	Mr. S. Venkata Rama Reddy	37,500
27	Mr. Philip Chacko	80,000
28	Mr. K. Krishna Babu	16,800
29	Mr. V. Srinivas	31,500
30	Mr. L. Yugandhara Babu	26,900
31	Mr. B. Dharma Teja	50,150
32	Mr. B. Manohar	50,150
33	Mr. Sanjay Divakar Joshi	38,250
34	Mr. R. A. Mulla	29,000
35	Mr. Basavaraj Gurappa Hooli	51,000
36	Mr. A. K. Singh	12,900
37	Mr. R. R. Nair	24,400
38	Mr. Ashok Kumar Sood	17,000
39	Mr. T. V. Rao	16,050
40	Mr. Mohan Jacob	26,250
41	Dr. K. P. Kumar	26,250
42	Mr. T. Adi Babu	31,350
43	Mr. D. Krishna Rao	28,150
44	Mr. T. C. Upreti	30,500
45	Mr. T. N. Subramaniam	22,900
46	Mr. D. Venkata Giridhar	10,050
47	Mr. M. C. S. Reddy	30,500
48	Mr. Rajesh Suri	26,100
49	Mr. Naresh Kumar Khanna	15,850
50	Mr. Krishnaswamy Ramesh	21,250
51	Mr. Vishwanaath T.	22,850
52	Mr. S. V. Ramana Rao	12,550
53	Mr. B. K. Ojha	5,050
54	Mr. A. Srinivasa Rao	9,800
55	Mr. R. Parthasarathy	11,900
56	Mr. L. Uma Maheswara Rao	26,665
57	Mr. Manoj Kumar Agarwal	69,555
58	Mr. Vinod Kumar Rajora	40,580
59	Mr. M. Pavan Kumar	55,555

## Annexure – (I) (b)

### Employees holding 5% or more of the total number of options granted during the year 2009-10.

Sl. No.	Name of the Employee	Number of Options Granted
1	Mr. G. Venkatesh Babu	500,000

## Annexure II – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this section, any reference to "we," "us" or "our" refers to LANCO Infratech Limited along-with its subsidiary companies. The discussion of our financial condition and results of operations included in this section should be read in conjunction with the consolidated financial statements of LITL and its subsidiaries. Figures have been rounded off to Rs. million.

### 1. Industry Structure and Developments

#### 1. ECONOMIC OVERVIEW:

The Indian economy made a strong rebound in the FY 2009-10 as government's stimulus packages took hold, after facing slowdown in the second half of the FY 2008-09. India expects to get back to the high-growth trajectory soon. Developed economies like US and Europe are still reeling under the impact of recession. This reflects the resilience of the Indian economy.

It is true the Indian economy felt the lingering impact of the global slowdown in the FY 2009-10 too. For example, the export sector continued to report negative growth until November. However, a positive aspect of the global recession for India was that prices of commodities, especially crude oil tumbled. Since India meets about 80% of its crude oil requirement through imports and continues to subsidise retail sale of petroleum products like petrol, diesel, domestic LPG and PDS kerosene, the drastic fall in international crude oil market was a big relief for the government facing huge fiscal deficit.

However, the country had to battle with unusually high food inflation in the wake of poor monsoon, which may ease soon as the country is expected to have a good monsoon this year.

As per national accounts data, the Indian economy returned to strong growth level in the first quarter of FY 2009-10 and continued the strong momentum with the real GDP rising by 8.6% yoy in the Jan-March quarter. Earlier data revisions were also released; the Oct-December growth rate was revised up to 6.5%, and as a result, annual average real GDP growth rate for FY 2009-10 was 7.4% (6.7% in the previous year). This marks a resilient growth performance for India given the global economic turmoil during the period.

	Income		Consumption	
	Rs.	(%) Growth	Rs.	(%) Growth
2004-05	29,745		17,620	
2005-06	32,012	7.6	18,909	7.3
2006-07	34,533	7.9	20,168	6.7
2007-08	37,328	8.1	21,841	8.3
2008-09	38,695	3.7	23,012	5.4
2009-10	40,745	5.3	23,626	2.7

Source: CSO.

### Power Generation

#### Installed Power Generation Capacity by Sector and Fuel

The following table shows summary of India's installed power generation capacity as of March 31, 2010 sector wise and fuel wise:

(Capacity in MW)

Fuel	Sector			Total	% to Total
	Central	State	Private		
Coal	31,165	44,977	8,056	84,198	53%
Gas	6,702	4,046	6,308	17,056	11%
Nuclear	4,560	-	-	4,560	3%
Hydro	8,565	27,065	1,233	36,863	23%
Others	-	3,304	13,417	16,721	10%
<b>Total</b>	<b>50,993</b>	<b>79,392</b>	<b>29,014</b>	<b>159,398</b>	<b>100%</b>
% to Total	32%	50%	18%	100%	

Source: CEA, March 2010

The Indian power sector has historically been characterized by demand-supply gap which has been increasing over the years. In FY09, peak energy deficit was at 12%. This figure for 2010 has infact increased to 13.3% as per CEA's provisional numbers.

India's peak power shortage is projected to further rise in coming years.

#### Planned Capacity Addition

The Government has envisaged an ambitious target of providing "Power for All" by 2012. In the Eleventh Five year plan, a capacity addition of 78,700 MW was targeted. At the end of the Tenth Plan, the installed capacity stood at 132,329 MW. The additional capacity planned in the Eleventh Plan is close to 60% of the total installed capacity at the end of the Tenth Plan.

#### Fuel and sector wise capacity additions envisaged during the Eleventh Five Year Plan ending March 31st, 2012

(Figures in MW)

Sector	HYDRO	COAL	GAS	NUCLEAR	TOTAL
State	3,482	19,985	3,316	0	26,783
Private	3,491	9,515	2,037	0	15,043
Central	8,654	23,350	1,490	3,380	36,874
<b>Total</b>	<b>15,627</b>	<b>52,850</b>	<b>6,843</b>	<b>3,380</b>	<b>78,700</b>

Source: CEA

### The Road Sector

India has one of the largest road networks in the world (over 3 million km at present). For the purpose of management and administration, these roads are divided into the following five categories:

- National Highways (NH)
- State Highways (SH)
- Major District Roads (MDR)
- Other District Roads (ODR)
- Village Roads (VR)

The National Highways facilitate medium and long distance inter-city passenger and freight traffic across the country. The State Highways facilitates medium distances among major centers within the State.



The District Roads and Village Roads provide villages accessibility. Today in the country about 65% of freight and 80% passenger traffic is carried by the roads.

National Highways Authority of India (NHAI) is mandated to implement National Highways Development Project (NHDP) which is India's largest ever highway project. The government has taken policy initiatives to attract private developers and to do 20 km a day. While the Governments through Public Private Partnership is enthusiastic about investing in road and highway projects. The actual investment is much below the target. Despite this under achievement, the road sector saw a five-fold jump in highway project disbursements in FY 2009-10 compared with FY 2008-09. Upto February, NHAI awarded 36 projects of 3,166 km against 8 projects spanning 643 km in FY 2008-09.

National Highways presently have a total length of 70,548 km and serve as the arterial network of the country. The development of National Highways is the responsibility of the central government.

### Real Estate

The Indian real estate sector plays a significant role in the country's economy. It is second only to agriculture in terms of employment generation and holds a significant share in Gross Domestic Product (GDP).

Almost 80 per cent of real estate developed in India is residential space, the rest comprises of offices, shopping malls, hotels and hospitals. According to Jones Lang LaSalle, faster economic growth in Brazil, Russia, India and China (BRIC) could result in the property markets of those nations recovering at a faster rate compared to the Europe and US.

The pace of urbanization will pick up further in coming years as cities are expected to generate bulk of new jobs. Those who migrate to cities for job will need accommodation. If India has to manage its urbanization, it must provide cheaper housing in cities. That means there is a huge scope in this sector.

According to government estimates, there is a shortage of 22.4 million dwelling units in the country. Thus, over the next 10 to 15 years, 80 to 90 million housing dwelling units will have to be constructed with a majority of them catering to middle- and lower-income groups.

## 2. OPPORTUNITY AND THREATS:

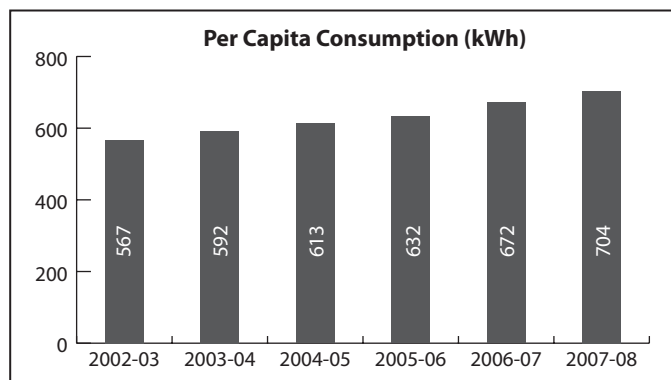
### Opportunities:

With the rapid growth of the economy in recent years, the need of adding capacity to overcome infrastructural constraints has increased. Traditionally, power, railways, roads, ports, airports and telecommunications were the exclusive domain of the government. However, policies have changed gradually over the past two decades as bridging the widening gap between demand and supply in infrastructure assumed prominence on the government's agenda. Government has taken key policy initiatives to attract private investment into the sector.

### Power:

The National Electricity Policy (NEP), 2005 recognizes electricity as a "basic human need" and targets a rise in per capita availability to 1,000 units per person by the end of 2012.

Per Capita power consumption has gone up from 567 units in 2003 to 704 unit in 2008. To fulfill the objectives of the NEP, a capacity



addition of 78,700 MW is envisaged during the Eleventh Five Year Plan. The power sector is expected to grow at 9.5 per cent per annum.

In power sector, the year 2009-10 accounted for the highest capacity addition, i.e. 9,585 MW in a single year in the last 60 years. Altogether in the 11th five-year plan 62,302 MW capacity is likely to be added in the power sector, as against the target of 78,700 MW. As stated by Hon'ble Minister of Power, Mr. Sushil Kumar Shinde, while addressing the Construction Summit 2010, the government is now planning to set the target of achieving 1,00,000 MW capacity addition in the 12th Five Year Plan. 60% of which is expected to be added by the private sector.

With the Indian economy on a high growth trajectory, bridging demand-supply gap is going to be a serious challenge in coming years. The Electricity Act, 2003 stipulates long-term open access to private power producers for inter-state transmission of electricity. The sector has attracted private investment.

Power trading market in the country is also growing fast. This offers scope for private developers to sell power in the merchant market through short-term contracts.

The present operating capacity of the group is 1,349 MW, which is expected to increase to 9311 mw on completion of the 7,962 MW under construction. There are major opportunities emerging for Lanco in this sector keeping in mind the power addition targets for the XI and XII Five Year Plans.

### Transmission:

India possesses a vast opportunity to grow in the field of power generation, transmission, and distribution. A huge capital investment is required to meet this requirement. This has resulted in many power generation, transmission, and distribution companies to establish operations in the country under the PPP program. There are strong opportunities in transmission network ventures with an additional 60,000 circuit kilometers of transmission network is expected by 2012 translating to a total investment opportunity of about US\$ 200 billion.

### Power Trading:

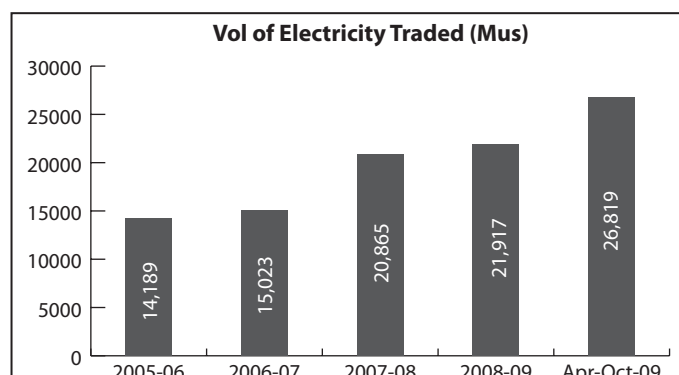
The calendar year 2009 witnessed consolidation of the short-term power market in India. The short-term power market not only grew in absolute size in volume terms, but its share as a percentage of total electricity generation in the country also grew noticeably.

On price front, although the year witnessed highest ever prices for electricity transacted through power exchanges and trading licensees, especially in the months of April and August 2009; overall the weighted average price of electricity transacted through short-term market in the year 2009 was lower as compared to the price in the year 2008. Salient features of the year are listed below:

Of the total electricity generation in India in 2009, the short-term power market comprises only 8 per cent. The balance 92 percent of generation is being procured mainly by distribution companies through long-term contracts.

In volume terms (kWh) the size of the short term market in India, excluding UI and direct bilateral sale between distribution companies, was about 30.6 billion kWh (units) in the year 2009. As compared to the volume of electricity transacted through short term market in the year 2008, this was about 20.3 per cent higher.

The weighted average price of electricity transacted through power exchanges was Rs. 5.73 per kWh and through trading licensees was Rs. 6.41 per kWh in the year 2009. The corresponding values for the year 2008 were Rs. 7.57 per kWh and Rs. 7.04 per kWh, respectively.



There has been robust growth in the electricity trading from 2005-06 which is evident from the chart. Trading has increased from 14 billion units in 2005-06 to 27 billion units in 2009-10.

Lanco Power Trading Limited, the power trading arm of LITL, performed well during the year 2009-10 and traded total 4,269 Mus of power with a net turnover of Rs. 19,712 million.

#### Roads:

The Eleventh Five Year Plan places high priority to the expeditious completion of works approved under the different phases of the NHDP. For the roads and bridges sector, the Eleventh Five Year Plan envisages a total investment of Rs. 3,141,520 million. Of this, the shares of the Centre, the States and the private sector are expected to be 34.2, 31.8 and 34 per cent, respectively.

With a view to expediting the progress of the NHDP, the Ministry of Road Transport & Highways has set a target of completion of 20 km of NHs per day, which translates to 35,000 km during the next five years (2009-14) at the rate of 7,000 km per year. The NHAI formulated Work Plans (Work Plan I & II) for awarding 12,000 km each during the years 2009-10 and 2010-11. These Plans lay down a specific timeframe for various activities and are being monitored very closely at various levels. Work Plan I (2009-10) covers balance stretches of NHDP Phases II, III & V. So far, 14 projects for a length of about 1,300 km have already been awarded, bids for 20 projects covering a length of about 2,000 km have been received and are

under process and another 23 projects for a length of about 1,700 km are presently on offer.

(Amount in Rs. crore)

Year	Cess Funds	External Assistance		Borrowings	Budgetary Support
		Grant	Loan		
2005-06	3,269.7	2,400.0	500.0	1,289.0	700.0
2006-07	6,407.5	1,582.5	395.5	1,500.0	110.0
2007-08	6,541.5	1,788.8	447.2	305.2	2650
2008-09	6,972.5	1,515.0	379.0	1,096.3	159.0
2009-10	8,578.5	272.0	68.0	492.4	200.0

Source: Department of Road Transport & Highways.

To fund the implementation of NHDP, a part of the fuel cess is allocated to the NHAI. The fund allocated from the cess is leveraged to borrow additional funds from the domestic market. The Government of India has also taken loans for financing various projects under the NHDP from the World Bank (US\$ 1,965 million), Asian Development Bank (ADB) (US\$ 1,605 million) and Japan Bank for International Cooperation (32,060 million yen), which are passed on to the NHAI partly in the form of grant and partly as loan. The NHAI has also negotiated a direct loan of US \$165 million from the ADB for one of its projects.

Currently Lanco is developing two road projects and expects more opportunities in this area. Both the road projects will commence operation from FY 2010-11.

#### Real Estate:

In FY 2009-10, all the major players in the real estate business strived to overcome from the downturn of economic scenario of 2009. However, long-term growth story is expected to remain intact, as the rise in standards of living and disposable incomes will lead to a robust demand for Real Estate, both Residential and Commercial properties.

According to the Confederation of Real Estate Developers' Associations of India (CREDAI), the affordable housing segment is set to play an important role in India's real estate sector in 2010 on the back of an uptick in demand.

Moreover, 2010 is expected to be a positive year for the real estate sector. The revival is expected to be driven by infrastructure growth, which, in turn, can accelerate real estate activities both in the residential as well as commercial spaces.

Currently, the Company is developing Lanco Hills at Hyderabad and are concentrating on this project alone in realty.

#### KEY THREATS:

- *Macroeconomic factors in India.* Most of the Company assets are located in India and accordingly, macroeconomic factors in India have a direct, significant impact on the Company's business, operational results and financial condition. These macroeconomic factors include the growth of the Indian economy, interest rates, as well as the political and economic environment. The Company believes that the Indian economy will grow in the next few years and, consequently, we are currently developing, and expect to continue to develop, projects whose revenues are dependent on the Indian economy and their utilisation rates.

- **Dependence on government policy and regulation towards infrastructure.** The growth of the infrastructure industry in India and the Company's infrastructure development business is dependent on Government policies and regulation. Infrastructure development in India has historically been the preserve of the central and State Governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in Government policies that began in the 1990s have facilitated the entry of private capital into infrastructure and have led to rapid growth in certain sectors. More recently, policy changes in the transportation, energy, urban infrastructure and industrial and commercial infrastructure sectors have begun to attract significant private sector investment. Changes in Government policy and support for the infrastructure sector will affect the Company's growth prospects and operational results.
- **Competition.** The Company's operational results are affected by competition in the infrastructure sector in India. The Company expect competition to intensify due to possible new entrants (both national and international players) in various infrastructure segments and existing competitors further expanding their operations and the Company's entry into new markets where the Company may compete with well-established companies.
- **Bidding and execution qualification.** Big Infrastructure project development through a public-private partnership involves shortlisting interested companies based on their technical and financial strengths. The nature of the Government's process is such that the relevant experience in the infrastructure sector is a key eligibility condition for participating in bidding for new big projects. The ability to strategically partner with other players will also determine the Company's qualification for big projects.
- **Changes in tax laws and regimes.** The Company currently has operations and employees located across many Indian states. Consequently, the Company is subject to the jurisdiction of a number of tax authorities and regimes in respect of Sales Tax / VAT and Entry Taxes. The revenues recorded and income earned in these various jurisdictions are taxed on differing bases. The determination of the Company's tax liabilities involves the interpretation of local tax laws in each jurisdiction. The Company have claimed certain tax benefits under Section 80(IA) of the Income Tax Act, 1961, relating to power projects, which decrease the effective tax rates compared to the statutory tax rates. Further changes in the Company's operating environment, including adverse changes in any of the taxes levied by the central or state governments or removal of tax concessions, exemptions or incentives, or claims by tax authorities could affect the Company's financial condition and operational results.
- **Investment in the Company's new projects.** The Company plan to make significant investments in a number of new projects over the next several years, and the Company intends to bid for new projects. If the development of these projects costs substantially less than what the Company has budgeted, or if the Company is able to complete these projects ahead of schedule, the Company's financial condition and earnings could improve. Conversely, if the Company is unable to complete

these projects within budgets and within the scheduled time or, once completed, these projects do not operate profitably, the Company's financial condition and operational results may be adversely affected.

- **Credit Availability to fund the Projects.** Power generation, construction (which includes EPC), and property development projects of the Company all capital intensive and require high level of debt financing. The Company has in the past been able to raise debt financing on terms acceptable to us. However, if for any reason the company is unable to obtain adequate finances in a timely manner and on acceptable terms, the Company's financial condition and operational results could be adversely affected.

### 3. SEGMENT WISE PERFORMANCE ANALYSIS

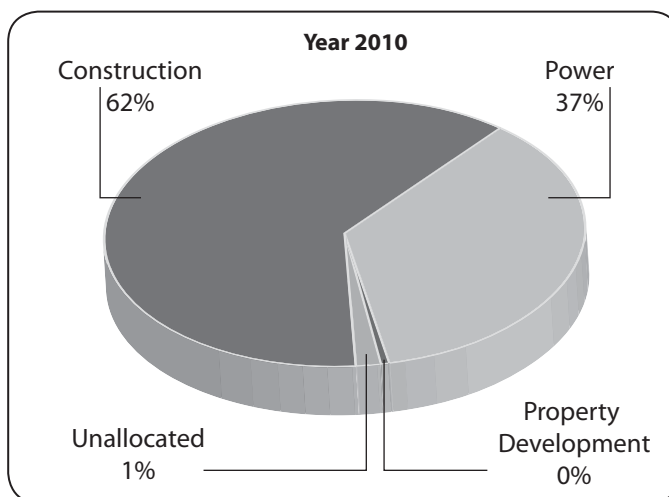
#### INCOME:

Composition of the total income for the year 2009-10 and 2008-09 is given in the table below:

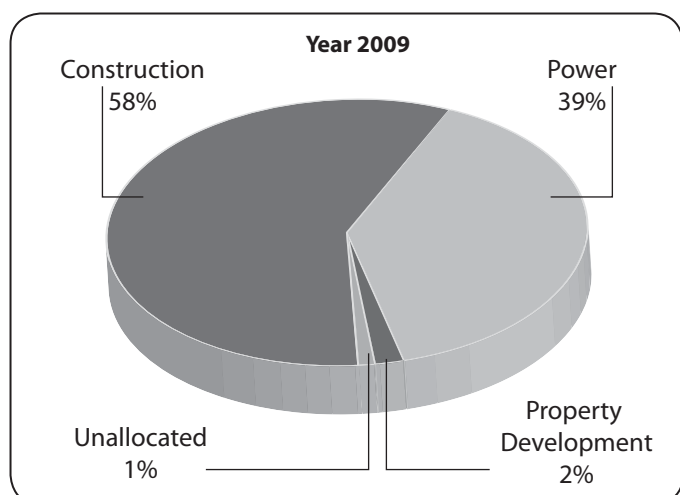
(Rs. Million)			
Segment Revenue	2010	2009	% Growth
EPC & Construction	58,498	40,512	44%
Power	35,544	27,139	31%
Property Development	-257	1,574	-116%
Sub total	93,785	69,225	35%
Others	787	231	240%
<b>Total</b>	<b>94,572</b>	<b>69,456</b>	<b>36%</b>
Less: Inter Segment Revenue	12,992	8,747	49%
Less: Elimination of Unrealised profit on transaction with associates	755	648	17%
<b>Net Sales/Income from Operations</b>	<b>80,825</b>	<b>60,062</b>	<b>35%</b>

For the fiscal year 2009-10 and fiscal year 2008-09, share of Construction and Power mix in total revenue was more or less same.

It is expected that the revenue mix will change next year with the contribution from power increasing significantly.







**Segment Result: Profit (+)/ Loss (-) before tax, interest and (Gain)/ Loss on foreign exchange fluctuation from each segment:**

Before elimination of inter segment profit on transactions with subsidiaries and associates, the profit/loss before tax, interest and (gain)/loss on foreign exchange fluctuation increased by 57% from Rs.8,453 million in FY 2008-09 to Rs. 13,232 million in FY2009-10. During the year elimination on account of inter segment profit on transactions with subsidiaries and associates has gone up by 31% from Rs.1,290 million in FY 2008-09 to Rs. 1,691 million in FY 2009-10. Profit before tax, interest and (gain)/loss on foreign exchange fluctuation increased by 61% from 7,163 million in FY 2008-09 to Rs. 11,541 million in FY 2009-10. Details of Profit (+)/ Loss (-) before tax, interest and (Gain)/Loss on foreign exchange fluctuation from each segment are given below:

(Rs. Million)

Segment	2010	2009	Change (%)
EPC and Construction	8,751	5,445	61%
Power	5,221	3,213	63%
Property Development	(464)	91	-612%
Sub total	13,508	8,749	54%
Others	(276)	(296)	-7%
<b>Total</b>	<b>13,232</b>	<b>8,453</b>	<b>57%</b>
Less: Inter Segment Profit on transactions with subsidiaries and associates	1,691	1,290	31%
<b>Total</b>	<b>11,541</b>	<b>7,163</b>	<b>61%</b>

#### 4. RISK AND CONCERNS:

- Financial Risk**

Large capital expenditure is generally required for the development of Infrastructure projects. The Company will incur large capital expenditure in the coming years which will be financed in a mix of debt and equity. Majority of the under construction projects have achieved financial closure. Initiatives have been taken to tie up finances of the upcoming projects. Internal accruals of the operating companies are being utilised for equity requirements of the expansion projects. Internal accruals of the company are mostly utilised for the equity requirement of the new projects.

- Interest Rate Risk**

Fluctuations in interest rates have a bearing on the Company's interest income/expense from interest bearing assets and liabilities. Further, an increase in interest rates for the Company's existing and future borrowings may affect the Company's ability to service long-term debt. Most of the Company's borrowings have fixed interest rates with reset clauses which gives the advantage of floating rate in the long term and fixed rate in the short-term.

- Foreign Currency Exchange Rate Risk**

The payment of some of the raw materials for the Company's EPC and construction business and for capital expenditure on imported equipment and machinery may be denominated in currencies other than Indian Rupees. Any decline in the value of the Rupee against such a currency could make the Company's purchases costlier.

Company formulated a comprehensive foreign exchange risk coverage policy to mitigate the risk of Foreign Currency Exposure. The policy outlines the methodology for the efficient management of Forex, authority and responsibility structure and the instruments that could be most effectively utilized to mitigate the risk. The implementation of the policy and effective management of the Forex Risk is being reviewed by the audit committee.

- Business Development Risk:**

The Company is targeting big projects like UMPP projects in India as well as overseas, either in collaboration (JV) or on its own. Big projects require higher eligibility criteria which is not available to the Company. To mitigate the risk assistance of International consultants is taken for searching partners for each sector. Strategic association is being developed with the companies having domain experience on a long-term basis. On commissioning of the ongoing projects the Company will have higher eligibility criteria on its own.

- Execution Risk:**

Timely execution of projects is an important parameter for a construction and infrastructure Company. To mitigate the risk associated with the same, the Company formulated effective project review mechanism. Placement of timely orders is being practiced to avoid project delays. Further, infrastructure projects have long gestation period and there might be some unexpected events that would lead to delay.

- Lower Margins on account of Project delays:**

The Company runs the risk of reduction in margins due to increase in price of inputs and dependence on sub-contractors. Company initiated the process of creating a large vendor base and placement of long-term contracts with the suppliers for timely delivery and stable prices. Selection of sub-contractors is done on the past efficiency record of the sub-contractor to avoid inefficient sub-contractors in the system.

#### 5. INTERNAL CONTROL SYSTEMS:

The Company's Internal Control System comprises of Standard Operating Procedures that have been incorporated through SAP, which are tested and tried at the Operational Level. These procedures are subject to internal audit by external firms. The internal auditors independently evaluate the adequacy of internal

controls and concurrently audit the majority of the transactions in value terms. Independence of the internal audit is ensured by the direct reporting of Internal Auditors to the Audit Committee.

The Company has also set up risk assessment and mitigation process. The Risk Management is periodically reviewed to ensure that the Company identifies its risks through means of a properly defined framework and mitigate the identified risks through proper action plans and reviews.

## 6. Discussion on Financial Performance with respect to operational parameters:

### Company Overview:

The Company is an integrated infrastructure development company in India with presence in key areas like EPC & Construction, Power, Roads and Highways and Property Development. The Company is constructing/operating power projects in 10 States across Pan India.

The Company remains focused on India, though open to tapping business opportunities in other parts of the world.

### Performance Overview:

#### EPC and Construction

The Company's business model provides integrated EPC and construction services in the infrastructure sector.

#### Order Book Position:

The EPC and Construction order book as on March 31, 2010 stood at Rs. 257,137 million. During the year, the Company bagged EPC and construction contracts for Kondapalli (742 MW), Vidharbha (1,320 MW), Amarkantak (1,320 MW) and Babandh (1,320 MW) projects.

The break-up of the current order book is as follows:

Projects	(Rs. Million)
<b>Power Projects</b>	
Amarkantak – I & II (CHH)	347
Amarkantak – III & IV (CHH)	54,291
Teesta VI (SIK)	16,843
Anpara (UP)	12,093
Udupi (KAR)	5,716
Kondapalli II (AP)	528
Kondapalli III (AP)	20,176
Vidharbha (MH)	56,760
Babandh (ORS)	55,840
Others	4,731
<b>Sub Total</b>	<b>227,324</b>
Building Projects	17,216
Road Projects	3,150
Irrigation Projects	5,163
Transmission Line Projects	3,962
Chimneys	322
<b>Total</b>	<b>257,137</b>

Note: CHH : Chhattisgarh, KAR: Karnataka, ORS : Orissa, AP : Andhra Pradesh, MH : Maharashtra, UP : Uttar Pradesh, UTT : Uttarakhand, SIK : Sikkim, TN : Tamil Nadu.

## Power Business:

### Power Generation

The power business, which is mostly undertaken through special purpose vehicles, is expected to contribute significantly to the company's income and profits in coming years. The Group has a portfolio of 9,311 MW of power projects, of which about 1,349 MW is in operation and the rest under construction.

### Operating power plants

Key details on operating capacity are provided in the table below:

Sl. No.	Company/Projects	Capacity (MW)	Fuel		
			Gas (MW)	Coal (MW)	Other (MW)
1	Lanco Kondapalli (AP)	601	601		
2	Aban Power (TN)	120	120		
3	Lanco Amarkantak (CHH)	600		600	
4	Vamshi Hydro (HP)	10			10
5	Vamshi industrial (HP)	5			5
6	Chitradurga (KAR)	3			3
7	Tirunelveli (TN)	10			10
	<b>Total</b>	<b>1,349</b>	<b>721</b>	<b>600</b>	<b>28</b>
	<b>% of Total</b>		<b>53%</b>	<b>44%</b>	<b>2%</b>

Currently, 53% of the Company's generating capacity is operational on gas, 44% on coal and 2% on hydro and wind.

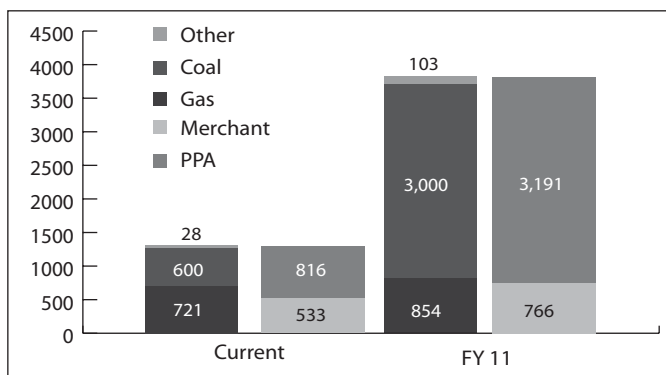
### Projects under construction:

Key details on projects under execution:

Sl. No.	Company/Projects	Capacity (MW)	Fuel		
			Gas (MW)	Coal (MW)	Other (MW)
1	Lanco Anpara (UP)	1,200		1,200	
2	Lanco Udupi (KAR)	1,200		1,200	
3	Lanco Energy (SIK)	500			500
4	Lanco Kondapalli (AP)	133/742	133/742		
5	Lanco HydroEnergy (UTT)	152			152
6	Lanco Green (HP)	70			70
7	Vamshi Industrial (HP)	5			5
8	Lanco Babandh (ORS)	1,320		1,320	
9	Lanco Vidharbha (MH)	1,320		1,320	
10	Lanco Amarkantak (CHH)	1,320		1,320	
	<b>Total</b>	<b>7,962</b>	<b>875</b>	<b>6,360</b>	<b>727</b>
	<b>% of Total</b>		<b>11%</b>	<b>80%</b>	<b>9%</b>

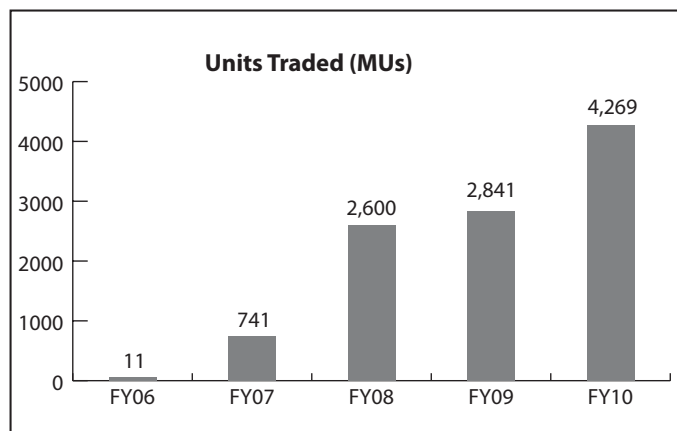
Of the total portfolio of 9,311MW capacity, 75% (6,960 MW) is on coal, 17% (1,596 MW) on gas and the rest 8%(755) on hydro.

The power generation capacity is expected to go up to 3,957 MW over next twelve months with the additional capacity of 133 MW from Kondapalli II, 1,200 MW from Udupi and Anpara each, 70 MW from Lanco Green and 5 MW from Vamshi Industrial.



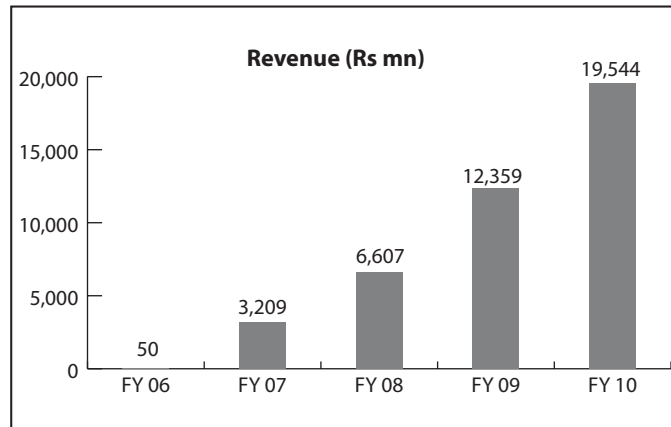
#### Power Trading:

Lanco Power Trading Limited, the power trading arm of Lanco, performed well during the year and traded 4,269 million units of electricity with a net turnover of Rs. 19,544 million. Year-wise details on trading volume and operating sales are provided in the graph below:



#### Geographically Diversified:

The Company is geographically diversified presence and so well placed to take advantage of the opportunities across the Indian Peninsula and de-risk the Business model.



#### Infrastructure Projects:

The Company is developing two road projects in the state of Karnataka, which have a combined length of approx. 160 km. Currently, construction activities are in progress and are expected to be completed by FY 2010-11.

#### Property Development:

Lanco Hills project (LHTPPL), located in Manikonda of Hyderabad and spread over 100 acres, is one of India's largest integrated IT parks. The project is designed to support the operations of high-technology enterprises, especially those in fields of IT and IT-enabled services. The residential space is expected to comprise apartments, ranging from studios to three bedroom apartments, with amenities such as modern fitness and recreation centres, health clinics, food courts and cafeterias, etc.

LHTPPL started work at the project in August 2007. Construction work for 4.00 million square feet of residential space and 0.50 million square feet of office space is progressing well. Residential project is expected to be completed in the fiscal year 2010-11.



## ANALYSIS OF FINANCIAL STATEMENTS AND OPERATIONS

### Company Structure

Lanco Infratech Limited (LITL) is a holding-cum-operating company. As a holding company, LITL invests through Special Purpose Vehicles (SPVs) created to undertake business in areas such as Power Generation, Road projects on BOT basis, Property Development, Power Trading, etc. Depending upon the extent of the investments, the SPVs are either subsidiaries or Associates.

### Principles of Consolidation

The consolidated financial statements relate to Lanco Infratech Limited (the Company) and its subsidiaries and associates. The consolidated financial statements of the Company and its subsidiaries are prepared based on a line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the audited financial statements of the respective subsidiaries and are drawn up by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's individual financial statements. Inter Company receivables and liabilities, income and expenses are eliminated.

The financial statements of the subsidiaries are consolidated from the date on which effective control is transferred to the Company till the date such control exists. The difference between the costs of investments in subsidiaries over the book value of the subsidiaries' net assets on the date of acquisition is recognized as goodwill or capital reserve in the consolidated financial statements as appropriate.

Equity method of accounting is followed for investments in Associates in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates, wherein goodwill/capital reserve arising at the time of acquisition and share of profit or losses after the date of acquisition are adjusted in investment value based on the audited financial statements of the Associates. Unrealized profits and losses resulting from transactions between the Company and Associates eliminated to the extent of the company's interest in the associate.

## ANALYSIS OF FINANCIAL CONDITION

### Sources and Applications of Funds

#### Sources of Funds

#### Shareholders' Funds:

On a consolidated basis, the Shareholders' Fund increased from Rs. 20,976 million in FY 2008-09 to Rs. 33,448 million in FY2009-10, registering a growth of 59%.

During the year, company raised Rs. 7,274 million through Qualified Institutional Placement (QIP) of 18 million shares of Rs. 10 each @ 394.90 i.e. at a premium of Rs. 384.90 per share. Consequently the capital base rose from Rs. 2,198 mn in FY 2008-09 to Rs. 2,385 million in FY 2009-10 and Security premium account increased from Rs. 10,307 million in FY 2008-09 to Rs. 17,700 million in FY 2009-10.

During the year, the Company split its Equity Shares of Rs.10 each into 10 Equity shares of Re.1/- each and raised its authorized capital from 2,500 mn shares to 5,000 mn shares of Re 1.

### Minority Interest:

As on March 31, 2010, minority Interest in the consolidated financials of the company stood at Rs. 7,108 mn as against Rs. 7,033 million at the end of the preceding fiscal. The change in the minority interest was mainly because of change in profit or loss of subsidiary companies like Lanco Kondapalli, Aban Power, Lanco Amarkantak, Lanco Hills etc. compared to the previous year.

Minority shareholding in the major operating companies of the group is as below:

Company	Minority Stake (on March 31, 2010)
Lanco Kondapalli	41.00%
Aban Power	48.98%
Lanco Amarkantak	4.24%
Lanco Hills	26.00%

### Loan Fund:

Total loan fund increased to Rs. 83,614 million in FY 2009-10 from Rs. 55,970 million in the FY 2008-09.

Company wise break-up of the Loan fund is as follows:

Company/Project Name	Amount (Rs. Mn)
Lanco Infratech	27,337
Lanco Amarkantak	19,299
Lanco Hills	11,715
Lanco Kondapalli	9,479
Lanco Energy	6,125
Lanco Green	2,820
Lanco Vidharbha	2,750
Lanco Hydro Energy	2,040
Aban Power	1,727
Lanco Power Trading	820
Lanco Singapore	406
<b>Sub-Total</b>	<b>84,519</b>
Less: Inter Company Deposits	905
<b>Total</b>	<b>83,614</b>

Further, the details of the outstanding Foreign Currency loans including buyer's credit as on March 31, 2010 are provided below:

Company/Project Name	Rs. Million
Lanco Hills	4,965
Lanco Kondapalli	2,387
Aban Power	529
Lanco Infratech	81
Lanco Green	75
<b>Total</b>	<b>8,037</b>

### Deferred Tax Liability:

On a consolidated basis, the deferred tax liability increased from Rs. 175 million to Rs. 1,003 million primarily on account of higher deferred tax provision at Kondapalli, Aban and Amarkantak.

### Application of Funds:

Total assets of the Company grew by 39% from Rs. 115,485 million to Rs. 160,283 million. The broad break-up of the assets in the year

2009-10 and 2008-09 are provided in the table below:

(Rs. Million)

	2009-10	2008-09	Change (%)
Fixed Assets	70,015	54,139	29%
Investments	20,229	9,837	106%
Current Assets	70,039	51,509	36%
<b>Total</b>	<b>160,283</b>	<b>115,485</b>	<b>39%</b>

#### Fixed Assets:

During the year, fixed assets grew by 29% from Rs. 54,139 mn to Rs. 70,015 million mainly because of an increase in work-in-progress at various projects. While gross block grew, capital work-in-progress and incidental expenses during construction came down because of capitalization of Amarkantak (2X300 MW), Kondapalli (233 MW) and small hydro power projects.

#### Investments:

Investment grew by 106% from Rs. 9,837 million to Rs. 20,229 million during the period. Investment in marketable securities increased from Rs. 1,514 million to Rs. 7,810 million.

#### Net Current Assets:

During the year, net current assets grew by 73% from Rs. 20,178 million to Rs. 34,929 million while the gross current assets grew by 36% from Rs. 51,509 million to Rs. 70,039 mn and current liabilities grew by 12% from Rs. 31,331 million to Rs. 35,110 million.

(Rs. Million)

	2009-10	2008-09	Change (%)
<b>Current Assets, Loans and Advances</b>			
(a) Inventories	16,267	13,223	23%
(b) Sundry Debtors	22,270	11,943	86%
(c) Cash and Bank Balances	9,628	9,905	-3%
(d) Other Current Assets	74	53	41%
(e) Loans and Advances	21,800	16,386	33%
<b>Gross Current Assets, Loans and Advances</b>	<b>70,039</b>	<b>51,509</b>	<b>36%</b>
<b>Less: Current Liabilities and Provisions</b>			
(a) Liabilities	34,115	30,792	11%
(b) Provisions	995	540	84%
<b>Gross Current Liabilities</b>	<b>35,110</b>	<b>31,331</b>	<b>12%</b>
<b>Net Current Assets</b>	<b>34,929</b>	<b>20,178</b>	<b>73%</b>

Inventory increased by 23% from Rs. 13,223 million to Rs. 16,267 million primarily on account of an increase in the construction work in progress.

Sundry debtors increased by 86% from Rs.11,943 million to Rs.22,270 million. Sundry debtors mainly comprised of receivables and retention money from construction and EPC business and dues for power purchased by State Electricity Boards. Around 36% of total debtors belong to the debtors pending for more than six months but considered good and about 91% of the same are in the books of Lanco Infratech (standalone) on account of retention money

which will be released on completion of work. The balance Rs. 14,200 million is due for less than six months and considered good.

Consolidated Cash and Bank balance declined by 3% from Rs. 9,905 million to Rs. 9,628 million and the bulk of cash and bank balance is in the books of Lanco Infratech – Standalone, Kondapalli, Aban and Lanco Hills, etc.

Company Name	Rs. in Million	% of total
Lanco Infratech	3,675	38%
Lanco Kondapalli	1,631	17%
Aban Power	1,563	16%
Lanco Hills	1,022	11%
Lanco Amarkantak	611	6%
Lanco Energy (Teesta)	375	4%
Lanco Vidarbha	276	3%
Lanco Power Trading	131	1%
Lanco Green (Budhil)	123	1%
Other	220	2%
<b>Total</b>	<b>9,628</b>	<b>100%</b>

Loans and advances increased by 33% from Rs. 16,386 million to Rs. 21,800 million. Out of the total loan and advances, around 61% was in advances recoverable in cash or in kind or for value to be received, and 27% was in Share Application money. Most of the advances recoverable were in the books of Lanco Infratech - standalone.

Current Liabilities and Provisions increased by 12% from Rs. 31,331 million to Rs. 35,110 million.

(Rs. Million)

	2009-10	2008-09	Change (%)
<b>Current Liabilities and Provisions</b>			
<b>a) Liabilities</b>			
Sundry Creditors	22,369	16,962	32%
Other liabilities	1,482	508	192%
Advance from customers	9,822	12,787	-23%
Interest accrued but not due on loans	442	534	-17%
	<b>34,115</b>	<b>30,792</b>	<b>11%</b>
<b>b) Provisions</b>			
Employee Benefits	401	243	65%
Taxation (Net of advance tax)	568	287	97%
Fringe Benefit (Net of advance tax)	-	3	-83%
Operations and Maintenance (Net of advances)	26	-	
- Exchange Fluctuation on Forward Contracts	-	6	-100%
	<b>995</b>	<b>540</b>	<b>84%</b>
<b>Total Gross Current Liabilities</b>	<b>35,110</b>	<b>31,331</b>	<b>12%</b>

Around 64% of the gross liabilities and provision was in sundry creditors, for which company-wise details are given below:

Company Name	Rs. Million	% of Total
Lanco Infratech	15,970	71%
Lanco Amarkantak	5,897	26%
Lanco Kondapalli	3,224	14%
Lanco Hills	1,782	8%
Lanco Green	587	3%
Lanco Power Trading	480	2%
Lanco Energy	407	2%
Lanco Vidarbha	328	1%
Others	304	1%
<b>Gross S. Creditors</b>	<b>28,979</b>	<b>130%</b>
Less: Intercompany Elimination	6,610	30%
<b>S. Creditors</b>	<b>22,369</b>	<b>100%</b>

The bulk of the advances from customers are in the books of Lanco Infratech – Standalone and Lanco Hills.

#### Cash Flow:

	(Rs. Million)	
	2009-10	2008-09
Net Cash Flow from (used in) Operating Activities Net Cash	1,557	2,383
Flow from (used in) Investing Activities	(28,410)	(17,447)
Net Cash Flow from Financing Activities	26,959	17,119
Net increase (decrease) in Cash and Cash Equivalents	106	2,054

#### Cash Flow from (used in) Operating Activities

Net cash generated from operating activities stood at Rs. 1,557 million in FY 2009-10. Cash generated from operations was Rs. 17,246 million which was adjusted by Rs. 12,544 million on

account of change in working capital and Rs. 3,145 million on account of direct taxes paid.

#### Cash Flow from (used in) Investing Activities

Net cash used in investing activities was Rs. 28,410 million in FY 2009-10, led by addition of the fixed assets (after adjustment of sale of fixed assets) to the tune of Rs. 15,353 million and purchase of investments (After adjustment of sale of Investment) of Rs. 12,341 million.

#### Cash Flow from Financing Activities

Net cash addition from financing activities was Rs. 26,959 million in FY 2009-10, which was primarily due to inflows on account of net proceeds from borrowings of Rs. 28,534 million, proceed from issue of equity share of Rs. 7,273 million and partially offset by interest payments of Rs. 8,484 million.

#### Analysis of Operations:

Businesses and companies generating revenues during the current year:

Segment	Details of Business	Major Operating Company / Project
EPC & Construction	EPC and Construction of Infrastructure projects, Construction of Industrial, Residential & Commercial Buildings, Roads etc.	Lanco Infratech
Power	Generation of power and trading in power	Lanco Kondapalli, Aban Power, Lanco Amarkantak, Lanco Power Trading, Vamshi Industrial, Vamshi Hydro, Lanco Infratech
Property Development	Development of integrated properties comprising of commercial and residential buildings	Lanco Hills

**Consolidated Financial Results:**

(Rs. Million)					
	2010		2009		% Change (YoY)
	Rs. Million	% of Income	Rs. Million	% of Income	
<b>INCOME</b>					
Sales and Operating Income	81,580	99%	60,710	100%	34%
Less: Elimination of Unrealised Profit on Transactions with Associate Companies	755	1%	648	1%	17%
	<b>80,825</b>	<b>98%</b>	<b>60,062</b>	<b>99%</b>	<b>35%</b>
Other Income	1,335	2%	552	1%	142%
	<b>82,160</b>	<b>100%</b>	<b>60,614</b>	<b>100%</b>	<b>36%</b>
<b>EXPENDITURE</b>					
Construction, Generation and Operating expenses	61,494	75%	49,076	81%	25%
Administrative and Other Expenses	4,311	5%	2,750	5%	57%
Interest and Finance Charges	3,554	4%	2,185	4%	63%
Depreciation	3,479	4%	1,073	2%	224%
	<b>72,838</b>	<b>89%</b>	<b>55,084</b>	<b>91%</b>	<b>32%</b>
<b>Profit before Taxation, Minority Interest and Share of Profits of Associates</b>	<b>9,322</b>	<b>11%</b>	<b>5,530</b>	<b>9%</b>	<b>69%</b>
Provision for Taxation					
- Current Tax	3,262	4%	1,651	3%	98%
- Relating to Previous Years	152	0%	17	0%	807%
- Minimum Alternate Tax Credit Entitlement	(604)	-1%	-	0%	
- Fringe Benefit Tax	4	0%	20	0%	-80%
- Deferred Tax	828	1%	2	0%	48831%
<b>Net Profit after Taxation, before Minority Interest and Share of Profits of Associates</b>	<b>5,679</b>	<b>7%</b>	<b>3,840</b>	<b>6%</b>	<b>48%</b>
Less: Share of Minority Interest	915	1%	1,041	2%	-12%
Add: Share of Profits of Associates	(178)	0%	5	0%	-3904%
<b>Net Profit after Taxation, Minority Interest and Share of Profits of Associates</b>	<b>4,586</b>	<b>6%</b>	<b>2,804</b>	<b>5%</b>	<b>64%</b>

Comparison of the results for the year ended March 31, 2010 with the year ended March 31, 2009.

**INCOME:**

**Sales and Operating Income:** Sales and operating income increased by 34% from Rs. 60,710 million in FY 2008-09 to Rs. 81,580 million in FY 2009-10. The details of the Sales and Operating Income are as below:

(Rs. Million)			
	2010	2009	Change %
<b>SALES AND OPERATING INCOME</b>			
Income from Contract Operations and Project Development	45,935	30,744	49%
Income from Sale of Electrical Energy	35,372	27,043	31%
Sale of Emission Reductions(CDM)	171	68	153%
Income from Property Development	(257)	1,574	-116%
Income from Management Consultancy Services	358	1,281	-72%
	<b>81,580</b>	<b>60,710</b>	<b>34%</b>

Sales and operating income after the elimination of the inter-segment income registered 34% growth mainly on account of

accelerated construction and EPC activities at various project sites, particularly at Anpara and Udipi, Growth in power segment was mainly because of implementation of Amarkantak and Kondapalli unit-II and electricity trading.

During the year Aban sold Verified/Certified Emission Reduction (VER / CER) to the tune of Rs. 171 million and current inventory of unsold CER is at 33,105 units.

Income from property development was down by 116%. The steep fall on income was majorly on account of the price discounts offered to existing as well as prospective customers of Lanco Hills. Revenue from property development is recognized following the "percentage of completion method" for transferring the significant risks and rewards of ownership. Under this method, revenue is recognized in proportion to actual costs incurred as against the total estimated construction costs to completion, subject to the condition that actual costs are 25 per cent or more of such estimated construction costs. Construction costs include the estimated construction, development, proportionate land cost and other directly attributable costs of the properties under construction. The estimates of costs and revenues are reviewed by management periodically and effect of any changes in such estimates is recognized in the period in which such changes are determined. As per Accounting Policy, the revenue recognised for the year is Rs. 875 million and revenue reversed on account of cancellation and price revision is Rs 1,132 million.



**Elimination of Unrealised Profit on Transactions with Associate Companies.** The elimination of profit on transactions with associate companies represents the elimination by Lanco Infratech of profit derived from construction and EPC services to its associate companies, to the extent of its shareholdings in such associates. The elimination of profit increased from Rs. 648 million in FY 2008-09 to Rs. 755 million in FY 2009-10, primarily as a result of an increase in EPC services provided to Lanco Infratech's associates in FY 2009-10.

**Other Income:** 'Other income' increased by 142% from Rs.552 million in FY2009-10 to Rs. 1,335 million in FY 2009-10, primarily reflecting net increase in interest income from Rs.397 mn to Rs.622 million, gain of Rs.219 million from foreign exchange variations, increase in profit on sale of long term Investment of Rs.146 million and rise in insurance received or receivable from Rs.20 million to Rs.130 million.

#### EXPENDITURE:

**Construction, Generation and Operating Expenses:** Construction, generation and operating expenses increased by 25% from Rs. 49,076 million in FY 2008-09 to Rs. 61,494 million in FY 2009-10. The increase was driven by the growth in revenue across verticals.

As a percentage of total Income, construction, generation and operating expenses declined from 81% in FY 2008-09 to 75% in FY 2009-10 reflecting increase in the operating margin.

**Administration and Other Expenses:** Administration and other expenses increased by 57% from Rs. 2,750 million in FY 2008-09 to Rs. 4,311 million in FY 2009-10, primarily reflecting an increase in employee-related expenses such as salaries and benefits following an increase in headcounts. Additional employees were required following an increase in projects under construction and development.

Although as a percentage of total income, administration and other expenses remained at the same level of 5%.

**Interest and Finance Charges.** Interest and finance charges increased by 63% from Rs. 2,185 million in FY 2008-09 to Rs. 3,554 million in FY 2009-10, mainly because of an increase in borrowings at Lanco Infratech – Standalone and capitalization of Amarkantak and Kondapalli II leading to an interest expenses of Rs. 1,312 million from these two projects to Profit and Loss account.

**Depreciation.** Depreciation increased by 224% from Rs. 1,073 million in FY 2008-09 to Rs. 3,479 million in FY 2009-10, primarily because of a net increase in the gross block of fixed assets and adoption of written down value accounting method of depreciation in Amarkantak and Kondapalli (Unit II). The depreciation policy followed by the company for all the thermal power projects capitalized during the year FY 2009-10 and onwards, is as per written down method, while for the projects capitalized prior to FY 2009-10, depreciation policy is that of straight line method accordingly depreciation charge has been higher.

During the year, the Company capitalized Amarkantak, Kondapalli and small hydro projects, so gross block increased from Rs. 23,867 million in FY 2008-09 to Rs. 61,644 million in FY 2009-10.

**Profit Before Taxation and Before Minority Interest/Share of Profits of Associates.** Profit before taxation, minority interest and share of profits of associates increased by 69% from Rs. 5,530 million in FY 2008-09 to Rs. 9,322 million in FY 2009-10 majorly driven by the Kondapalli II and Amarkantak I and higher revenue and operating margins of construction and EPC.

**Provision for Taxation.** The Company had a tax expense of Rs. 3,643 million in FY 2009-10 as against Rs. 1,690 mn in FY 2008-09 – an increase of 116% –, which is primarily attributable to an increase in

current tax and deferred tax liabilities.

Increase in current tax income was because of an increase in income at construction and power projects and also because of the hike in the Minimum Alternate Tax (MAT) rate. Deferred tax liability increased from Rs. 2 million in FY 2008-09 to Rs 828 million in FY 2009-10. Increase in deferred tax liability was primarily due to higher provisioning at Amarkantak, Aban and Kondapalli power projects.

**Share of Associates' Profits.** The Company has booked loss from Share of Associates to the tune of Rs. 178 million against profit of Rs. 5 million in FY 2008-09. This was on account of non-capitalisable expenditure of the associate companies on the new projects being taken to Profit and Loss account.

**Share of Minority Interest.** Share of minority interests represent the interest of minority shareholders in various companies in power and property development sector. Share of minority interest in profits declined by 12% from Rs. 1,041 million in FY 2008-09 to Rs. 915 million in FY 2009-10 mainly on account of loss at Lanco Hills.

**Net Profit After Taxation, Minority Interest and Share of Profits of Associates.** The net profit after taxation, minority interest, share of profits of associates and elimination of profit on transactions with associate companies increased by 83% from Rs. 2,804 million in FY 2008-09 to Rs. 4,586 million in FY 2009-10. As per the Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements", the Company has eliminated profit on transaction with Subsidiaries and Associates to the tune of Rs. 1,691 million in FY 2009-10 against 1,290 million in FY2008-09. Before elimination of profit on transaction with Subsidiaries and Associates, profit after tax works out to Rs. 6,276 million in FY 2009-10 against Rs. 4,093 million in FY 2008-09, a growth of 53%.

#### Performance of the major Operating Companies/Projects:

The fiscal under review was good in terms of capacity addition. The Company increased the operating capacity from 506 MW to 1,349 MW. The projects that started power generation during the year are:

1. Vamshi Hydro (Baner III, 5 MW of Hydro Based Capacity)
2. Amarkantak (Unit I of 300 MW, Coal based Capacity)
3. Kondapalli II (233 MW of Open Cycle, Gas based Capacity)
4. Amarkantak (Unit II of 300 MW, Coal based Capacity)
5. Vamshi Industrial (Dhrinidhar, 5 MW of Hydro Based Capacity)

Generation (Mn Units)	2010	2009
Kondapalli – I	2,793	2,350
Kondapalli – II	467	-
Amarkantak I & II	1,592	-
Aban	717	850
Vamshi Hydro	18	1
Chitradurga	4	5
Tirunelveli	24	21
<b>Total Generation</b>	<b>5,614</b>	<b>3,226</b>

The Company generated 5,614 mn units of electricity in FY 2009-10 as against 3,226 million in FY 2008-09, registering a growth of 74%.

During FY 2009-10, Kondapalli I signed an agreement for long-term top up gas supply from Reliance Industries' KG D-6 block. As a result, generation from Kondapalli I increased by about 19%.

But there was a drop in generation from Aban plant because of a shortfall in gas supply.

Details on financial performance of major operating companies during the year:

(Rs. Million)

	EPC and Construction	Power Generation						Power Trading	Property Dev.
	Lanco Infratech	Lanco Amarkantak	Lanco Kondapalli	Aban Power	Vamshi Hydro	Vamshi Industrial	Total Power	Lanco Power Trading	Lanco Hills
<b>Income</b>									
Operating Income (1)	59,372	6,047	10,572	1,716	51	-	18,386	19,544	(257)
Other Income (2)	610	139	453	162	1	-	755	28	77
<b>Total</b>	<b>59,982</b>	<b>6,186</b>	<b>11,025</b>	<b>1,879</b>	<b>52</b>	<b>-</b>	<b>19,142</b>	<b>19,572</b>	<b>(180)</b>
<b>Expenditure</b>									
Operating & Generation Exp.(3)	46,433	1,940	7,093	690	2	-	9,725	19,297	139
Administrative and Other Exp.(4)	3,771	344	196	112	21	2	675	83	27
<i>EBITDA (1 - (3 + 4))</i>	<i>9,168</i>	<i>3,762</i>	<i>3,283</i>	<i>915</i>	<i>28</i>	<i>-</i>	<i>7,988</i>	<i>164</i>	<i>(423)</i>
Interest and Finance Charges (5)	1,979	1,026	316	192	38	-	1,572	61	2
Depreciation (6)	598	1,821	741	185	37	-	2,784	-	34
<b>Total (3+4+5+6)</b>	<b>52,781</b>	<b>5,132</b>	<b>8,345</b>	<b>1,179</b>	<b>98</b>	<b>2</b>	<b>14,756</b>	<b>19,441</b>	<b>203</b>
Profit Before Taxation	7,201	1,054	2,679	700	(46)	(2)	4,385	131	(383)
Provision for Taxation	2,337	444	560	252	(1)	-	1,255	46	4
<b>Profit After Taxation</b>	<b>4,864</b>	<b>610</b>	<b>2,120</b>	<b>448</b>	<b>(45)</b>	<b>(2)</b>	<b>3,131</b>	<b>85</b>	<b>(387)</b>

#### Total Income:

Total Income of subsidiaries are as follows:

	(Rs. Million)		
	2010	2009	Change %
Lanco Infratech	59,982	40,976	46%
Lanco Power Trading	19,572	12,382	58%
Lanco Kondapalli	11,025	12,594	-12%
Lanco Amarkantak	6,186	-	0%
Aban Power	1,879	2,059	-9%
Vamshi Hydro	52	-	0%
Lanco Hills	(180)	1,581	-111%
<b>Total</b>	<b>98,515</b>	<b>69,592</b>	<b>42%</b>

Lanco Infratech (standalone) has registered a turnover growth of 46% yoy on account of an increase in construction and EPC activities. For the current year, most of the operating turnover was from activities at Udupi, Anpara, Kondapalli II and Amarkantak.

Lanco Power trading company's turnover increased 58% because of increase in volume of traded electricity. The company traded 4,269 million units in the FY 2009-10, as against 2,841 million units in FY 2008-09, posting growth of 50%.

During the year, the Company registered a turnover of around Rs. 8,640 million from newly-commissioned power plants i.e. Kondapalli II, Amarkantak and Vamshi Hydro Power plants.

Despite higher generation, there was a drop in turnover of Kondapalli (368 MW) because of reduction in fuel cost from Naphtha

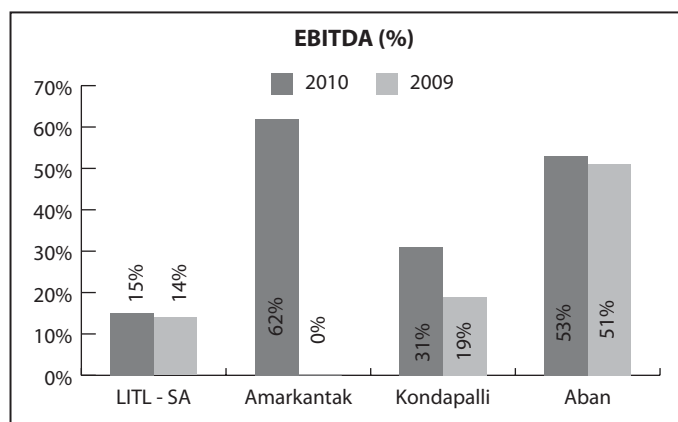
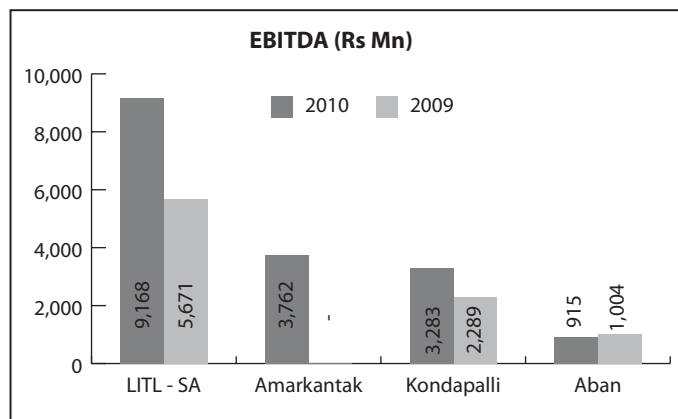
after top-up gas supply began from Reliance Industries' D-6 block. Consumption of naphtha dropped from Rs. 7,686 million in FY 2008-09 to Rs. 1,601 million in FY 2009-10.

Kondapalli II (233 MW open cycle), a merchant power plant, traded 444 million units and realized Rs. 2,541 million, which works out to an average of Rs. 5.72 per unit.

During the period, Amarkantak project (2X300 MW) was implemented. The Unit I and II were capitalised on January 1 and March 25, 2010. Revenue from the sale of infirm power is recognized on accrual basis as per the Central Electricity Regulatory Commission norms and as posted in the website of Western Region Power Committee.

Turnover of Lanco Hills dropped about 111%. The steep fall on income was majorly on account of the price discounts offered to the existing as well as prospective customers of Lanco Hills. Revenue from property development is recognized following the "percentage of completion method" for transferring the significant risks and rewards of ownership. Under this method, revenue is recognized in proportion to actual costs incurred as against the total estimated construction costs to completion, subject to the condition that actual costs are 25 per cent or more of such estimated construction costs. Construction costs include the estimated construction, development, proportionate land cost and other directly attributable costs of the properties under construction. The estimates of costs and revenues are reviewed by management periodically and effect of any changes in such estimates is recognized in the period in which such changes are determined.

#### Earnings Before Interest Tax Depreciation and Amortization (EBITDA):



All the major operating companies registered increase in EBITDA in absolute terms as well as in the Margin terms.

#### Profit after Tax:

Details of the Profit after Tax (PAT) of major operating companies are as follows:

(Rs. Million)

Particulars	Rs. Million		Change %	% of Op. Income	
	2010	2009		2010	2009
Lanco Infratech	4,864	2,649	84%	8%	6%
Lanco Kondapalli	2,120	1,376	54%	20%	11%
Lanco Amarkantak	610	-	-	10%	-
Aban Power	448	537	-17%	26%	26%
Lanco Power Trading	85	54	58%	0.4%	0.4%
Lanco Hills	(387)	38	-	-	2%
<b>Total</b>	<b>7,740</b>	<b>4,653</b>	<b>66%</b>		

Lanco Infratech's PAT jumped 84% to Rs. 4,864 million in FY 2009-10 on the back of higher operating revenue, better margin and increase in other Income. The increase in other Income was because of interest and profit generated from the sale of long-term investments.

The depreciation policy followed by the Company for all the thermal power projects capitalized during the year FY 2009-10 and onwards, is as per written down method, while for the projects capitalized prior to FY 2009-10, depreciation policy is that of straight line method accordingly depreciation charge has been higher.

Increase in the Profit after tax for the Kondapalli was primarily because of capitalization of 233 MW during the year.

Following the accounting policy, Amarkantak switched over to Written Down Value method from the Straight Line method. So, Company has recalculated depreciation for all the fixed assets under written down value method on a retrospective basis from the day when the assets come into use. The switchover led to an increase of Rs. 1,209 million in total depreciation charged during the period which in turn brought corresponding reduction in the net block of fixed assets as also a commensurate decline in profit for the period.

Aban has registered a drop in the PAT because of lower generation due to non availability of the gas at plant site.

Lanco Hills registered a loss on account of the lower demand and price reduction.

#### 7. Material Development in Human resources/industrial relations front, including number of people employed:-

The Group's human resources increased during the year from around 5000 to 5500 spread across verticals comprising of Regular and Project Specific employees, Consultants/Advisors and Trainees. The real strength is in the distribution of the resources in different cadres – an increase of, 25% in the top and senior management; 11% in the middle management and 22% in the junior management coupled with a decrease of 10% in the non-managerial cadre as compared to the last year. The management pursued its strategic initiative of relocating to Gurgaon. Besides the Corporate even the Construction Business division is being moved to Gurgaon. This results in a total internal cohesiveness resulting in alignment to the Group Vision – "Most Admired Integrated Infrastructure Enterprise". The focus has been on Consolidation and Re-prioritisation of Business to maintain the competitive edge and enhance stake-holders' value.

The Group, in the process of transforming itself into high-performing organisation with a corporate culture that enables innovation, has completed implementing a Performance Management System that links pay, incentives and career growth to the Performance, Contribution and Potential of each employee. As a second step, it is focusing on Organization Design of each Business entity and the relationship with the Corporate. It is evolving Structures with well defined Roles and Responsibilities, Job Descriptions with clear Accountability, and well drawn out Key Result Areas linked to measurable outcomes – right from the CEO level to the last level in the Organization. Next, is identification of Qualitative Star performers and developing their Competencies through a systematic process resulting in leaders capable of owning responsibilities at every level. Continuous, Consistent and Concerted Communication Campaigns are being carried out across the Group to align the total Human Resources to the Mission, Vision and Values of the Group. Another major initiative has been the decision to establish an Academy of Learning for the Group to develop the Human capital of the Group.

#### Disclaimer/Cautionary Statement:

Statements in this Report, particularly those which relate to Managements' Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations many constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy and comprehensiveness though the same are based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by the management herein contain its perceptions on the material impacts on the Company's operations but it is not exhaustive.

# CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To  
The Board of Directors of  
**LANCO INFRA TECH LIMITED**

We, the undersigned, in our respective capacities as the Managing Director and Chief Financial Officer of Lanco Infratech Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed Financial Statements and the Cash Flow Statements for the Year Ended 31st March, 2010 and based on our knowledge and belief:
  - i. these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable Laws and Regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the Financial Reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors and Audit Committee:
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in Accounting Policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

For **Lanco Infratech Limited**

**J. Suresh Kumar**  
Chief Financial Officer

**G. Venkatesh Babu**  
Managing Director

Place: Singapore/ Gurgaon,  
Date : 11.06.2010.



# REPORT ON CORPORATE GOVERNANCE

## I. MANDATORY REQUIREMENTS

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to conduct business in a manner which would result in enhancing value to all its stakeholders. The Company believes that this value enhancement process is possible only by adhering to the principles of Corporate Governance. The Company is in the process of establishing systems and practices which enable it to conduct its business in line with the best practices elsewhere in the country and the world. The Company believes in the principles of transparency and disclosures to the extent these do not compromise on its competitiveness.

### 2. BOARD OF DIRECTORS ('the Board')

#### (i) Composition of the Board

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with 6 (six) Non-Executive Directors out of 9 (Nine) Directors being more than 50% of the Board strength. Chairman is an Executive Director, and the number of Independent Directors on the Board being 5 (five) is 50% of the Board strength as required. All Independent Directors comply with the requirements of the Listing Agreement for being "Independent Director".

Name	Category of Directorship	Designation	Number of Memberships in Boards of other Public Companies	Number of Chairmanships in Committees of Boards of other Public Companies	Number of Memberships in Committees of Boards of other Public Companies
Mr. L. Madhusudhan Rao	Executive	Executive Chairman	12	Nil	3
Mr. G. Bhaskara Rao	Executive	Executive Vice-Chairman	14	5	4
Mr. L. Sridhar	Non-Executive	Vice-Chairman	13	1	Nil
Mr. G. Venkatesh Babu	Executive	Managing Director	14	2	5
Dr. Pamidi Kotaiah	Non-Executive Independent	Director	5	2	3
Mr. P. Abraham	Non-Executive Independent	Director	12	Nil	4
Dr. Uddesh Kumar Kohli	Non-Executive Independent	Director	6	1	5
Mr. P. Narasimhamulu	Non-Executive Independent	Director	5	1	Nil
Dr. B. Vasanthan	Non-Executive Independent	Director	2	1	1

Note: Mr. D.V. Rao ceased to be Director with effect from August 7, 2009.

#### (ii) Meetings and Attendance during the year

Six Board Meetings were held during the year 2009-2010. The dates on which the meetings were held are as follows:

May 29, 2009; July 29, 2009; August 7, 2009; October 27, 2009; January 27, 2010 and March 30, 2010.

The attendance of each Director at Board Meetings during the Year 2009-2010 and the last AGM is given below.

Name	Number of Board Meetings attended	Attendance at the last A. G. M. <sup>^</sup>
Mr. L. Madhusudhan Rao	5	Yes
Mr. G. Bhaskara Rao	6	Yes
Mr. L. Sridhar	5	Yes
Mr. G. Venkatesh Babu	6	Yes
Mr. D.V. Rao*	Nil	No
Dr. Pamidi Kotaiah	6	Yes
Mr. P. Abraham	4	Yes
Dr. Uddesh Kumar Kohli	6	Yes
Mr. P. Narasimhamulu	6	Yes
Dr. B. Vasanthan	4	Yes

\* Mr. D.V. Rao resigned as Director with effect from August 7, 2009.

<sup>^</sup> Date of last A.G.M is September 25, 2009.

None of the Non-Executive Directors has any pecuniary relationship or transaction with the Company.

### 3. AUDIT COMMITTEE

#### (i) Brief description of terms of reference

The Audit Committee shall have the following Scope and Responsibilities:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is true and fair, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with management, the quarterly financial results before submission to the board for approval.
- Reviewing with management, the annual financial statements before submission to the board for approval.
- Reviewing with the management, performance of Statutory and Internal Auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors regarding any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern, with respect to the financial statements of the Company.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the Risk Assessment and Management measures.
- Reviewing, with the management, the statement of uses/application of funds raised through Public Issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing of Financial Statements of the Subsidiaries and Investments made by them.
- Reviewing of Management Discussion and Analysis of Financial Condition and Results of Operations.
- Reviewing of Status Reports on Projects under implementation by the Company and its Subsidiaries.
- Reviewing of Status Reports on Project implementation through Special Purpose Vehicles (SPVs).
- Reviewing of Reports on Treasury Management of the Company.
- Reviewing of statement of significant related party transactions.
- Reviewing of Internal Audit Reports relating to Internal Control Weaknesses.
- Any other item considered appropriate or necessary to have effective oversight of financial reporting.

#### (ii) Composition

The Audit Committee comprises of three Independent Directors and One Executive Director, the Chairman being an Independent Director.

Dr. Pamidi Kotaiah	Chairman
Dr. Uddesh Kumar Kohli	Member
Mr. P. Narasimharamulu	Member
Mr. G. Bhaskara Rao	Member

**(iii) Meetings and Attendance during the year**

Ten Audit Committee Meetings were held during the year 2009-2010. The dates on which the Meetings were held are as follows:

May 29, 2009; July 29, 2009; August 25, 2009; October 1, 2009; October 27, 2009; November 23, 2009; January 19, 2010; January 27, 2010; March 6, 2010 and March 30, 2010.

The attendance of the Members during the year 2009-2010 is given below:

Name	Number of Meetings held during the year	Number of Meetings attended during the year
Dr. Pamidi Kotaiah	10	10
Dr. Uddesh Kumar Kohli	10	10
Mr. P. Narasimharamulu	10	10
Mr. G. Bhaskara Rao	10	8

The Meetings of the Audit Committee were attended by the Managing Director, Chief Financial Officer, Director Finance and by the Statutory Auditors and Internal Auditors as Invitees.

**4. REMUNERATION COMMITTEE**

**(i) Brief descriptions of terms of reference.**

The Remuneration Committee shall have the following Scope and Responsibilities:

The Remuneration Committee shall have the responsibility of determination of Remuneration packages for the Executive Directors and Non-Executive Directors of the Company.

**(ii) Composition**

The Remuneration Committee consists of the following three Non-Executive Independent Directors.

Mr. P. Narasimharamulu	Chairman
Dr. Pamidi Kotaiah	Member
Dr. B. Vasanthan	Member

**(iii) Meetings and Attendance during the year**

The Remuneration Committee met on July 29, 2009.

The attendance of the Members during the year 2009-2010 is given below:

Name	Number of Meetings held during the year	Number of Meetings attended during the year
Mr. P. Narasimharamulu	1	1
Dr. Pamidi Kotaiah	1	1
Dr. B. Vasanthan	1	1

**(iv) Details of remuneration to all Directors for the Financial Year 2009-2010**

Name of the Director	Salary & Perquisites (Rs. in Millions)	Sitting Fee (Rs. in Millions)	ESOP Charge (Rs. in Millions)
Mr. L. Madhusudhan Rao	35.95	0.00	0.00
Mr. G. Bhaskara Rao	33.05	0.00	0.00
Mr. L. Sridhar	0.00	0.14	0.00
Mr. G. Venkatesh Babu	41.94	0.00	9.27
Mr. D. V. Rao	6.25	0.00	2.48
Dr. Pamidi Kotaiah	0.00	0.64	0.04
Mr. P. Abraham	0.00	0.08	0.04
Dr. Uddesh Kumar Kohli	0.00	0.42	0.04
Mr. P. Narasimharamulu	0.00	0.66	0.04
Dr. B. Vasanthan	0.00	0.12	0.04

**(v) Shareholding of Non-Executive Directors as on March 31, 2010:**

Sl. No.	Name of the Director	Number of Shares held
1.	Mr. L. Sridhar	5,47,06,320
2.	Dr. Pamidi Kotaiah	20,680
3.	Mr. P. Abraham	5,170
4.	Dr. Uddesh Kumar Kohli	5,880
5.	Mr. P. Narasimhamulu	8,340
6.	Dr. B. Vasanthan	Nil

**5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE****(i) The Composition of Shareholders/Investors Grievance Committee is as follows:**

The Committee is headed by Mr. L. Sridhar, Non-Executive Director.

Mr. L. Sridhar	Chairman
Mr. G. Venkatesh Babu	Member
Mr. D.V. Rao ^	Member
Dr. B. Vasanthan *	Member

^ Ceased to be Member with effect from August 7, 2009.

\* Inducted as a Member with effect from March 30, 2010.

Two Shareholders/Investors Grievance Committee Meetings were held during the year 2009-10 on December 3, 2009 and March 30, 2010.

The attendance of the Members during the year 2009-2010 is given below:

Name	Number of Meetings held during the year	Number of Meetings attended during the year
Mr. L. Sridhar	2	2
Mr. G. Venkatesh Babu	2	2
Mr. D.V. Rao ^	2	Nil
Dr. B. Vasanthan *	2	1

^ Ceased to be Member with effect from August 7, 2009.

\* Inducted as a Member with effect from March 30, 2010.

**(ii) The Name and Designation of Compliance Officer**

Name of the Compliance Officer	Designation
Mr. C. Krishnakumar	Sr. Vice-President & Company Secretary

**(iii) Details of complaints/requests received, resolved and pending during the year 2009-2010.**

Total Shareholders' Complaints/Requests

Received	Resolved	Pending
35	35	Nil

**6. GENERAL BODY MEETINGS:****(i) Location and time of Last three AGMs held:**

Year	Location	Date	Time
2006-07	Shilpakala Vedika, Shilparamam, Madhapur, Hyderabad-500 081, Andhra Pradesh, India.	September 03, 2007	3.30 p.m.
2007-08	MR 2.03 & 2.04, 2nd Floor, NOVOTEL & HICC Complex (Near HITEC City), Hyderabad International Convention Centre, Cyberabad Post Office, Hyderabad – 500 081, Andhra Pradesh, India.	September 26, 2008	3.00 p.m.
2008-09	MR 1.4 to 1.6, 1st Floor, NOVOTEL & HICC Complex (Near HITEC City), Hyderabad International Convention Centre, Cyberabad Post Office, Hyderabad – 500 081, Andhra Pradesh, India.	September 25, 2009	3.30 p.m.



**(ii) Whether any Special Resolutions passed in the previous 3 AGMs: No**

**(iii) Whether any Special Resolution(s) passed last year through Postal Ballot: Yes**

One Special Resolution was passed through Postal Ballot on December 14, 2009

**The details of Voting Pattern are as follows:**

In respect of Special Resolution passed through Postal Ballot and recorded at 10.30 a.m. on Monday, the December 14, 2009 at the Registered Office of the Company for Alteration of Article 5 of Articles of Association of the Company pursuant to the Provisions of Section 31 of the Companies Act, 1956, the Voting Pattern details are as follows:

Total No. of Members Responded : <b>2,746</b>			
Total No. of Votes / Shares received : <b>17,51,03,568</b>			
No. of Votes/Shares received for the Resolution (%)	No. of Votes/Shares received against the Resolution (%)	Neutral Votes (%)	Invalid Votes (%)
<b>17,50,00,414 (99.94%)</b>	<b>2,616 (0.0015%)</b>	<b>97,671 (0.0558%)</b>	<b>2,867 (0.0016%)</b>
No. of Shareholders voted for the Resolution	No. of Shareholders Voted against the Resolution	No. of Shareholders Votes Neutral	No. of Shareholders Votes Invalid
<b>2,389</b>	<b>52</b>	<b>273</b>	<b>32</b>

**Result: Passed as Special Resolution**

**(iv) Persons who conducted the Postal Ballot exercise:**

The Postal Ballot aforesaid was conducted by Mr. Y. Venkateshwara Rao, Practising Company Secretary.

**(v) Whether any Special Resolution is proposed to be conducted through Postal Ballot: No**

**(vi) Procedure for Postal Ballot:**

Postal Ballot procedure as stipulated under Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

**7. DISCLOSURES**

- (i) There are no materially significant related party transactions having potential conflict with the interests of the Company at large.
- (ii) There has not been any non-compliance by the Company and there are no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- (iii) A Whistle Blower Policy is in force and it is affirmed that no personnel has been denied access to the Audit Committee.
- (iv) There has been complete compliance with mandatory requirements and in respect of non-mandatory requirements disclosures have been made to the extent of adoption.

**8. MEANS OF COMMUNICATION**

The Company's Quarterly, Half Yearly and Annual financial results are put on the Company's website at [www.lancogroup.com](http://www.lancogroup.com)

The same were published in Business Standard, Vaartha, Financial Express, The Economic Times and The Hindu News Papers.

The official news releases and the presentation made to Investors and Analysts are available on the Website of the Company.

**9. GENERAL SHAREHOLDERS INFORMATION**

**(i) Annual General Meeting**

- Date and Time	July 31, 2010, at 3.00 p.m.
- Venue	Green Park Hotel, Greenlands, Begumpet, Hyderabad – 500016, Andhra Pradesh, India.

**(ii) Financial Calendar for the Year 2010-2011 (tentative)**

	<b>Tentative Schedule</b>
1. - Financial reporting for the quarter ended June 30, 2010	On or before August 14, 2010
2. - Financial reporting for the half year ending September 30, 2010	On or before November 14, 2010
3. - Financial reporting for the quarter ending December 31, 2010	On or before February 14, 2011
4. - Financial reporting for the year ending March 31, 2011	On or before May 30, 2011
5. - Annual General Meeting for the year ending March 31, 2011	Before end September, 2011

- (iii) **Book Closure Dates** : July 24, 2010 to July 31, 2010 (both days inclusive).
- (iv) **Dividend Payment Date** : Not Applicable
- (v) **Listing on Stock Exchanges** : National Stock Exchange of India Limited, Mumbai  
Bombay Stock Exchange Limited, Mumbai.

The Company has paid the listing fee for the period ending March 31, 2011.

(vi) **Stock Code :**

Sl. No.	Exchange	Code
1.	National Stock Exchange of India Limited	Stock Code : LITL
2.	Bombay Stock Exchange Limited	Stock Code : LITL Scrip Code : 532778
3.	Demat ISIN Number – for NSDL / CDSL	INE785C01048

(vii) **Stock Market Price Data relating to Equity Shares listed in National Stock Exchange of India Limited (NSE), Mumbai & Bombay Stock Exchange Limited (BSE), Mumbai.**

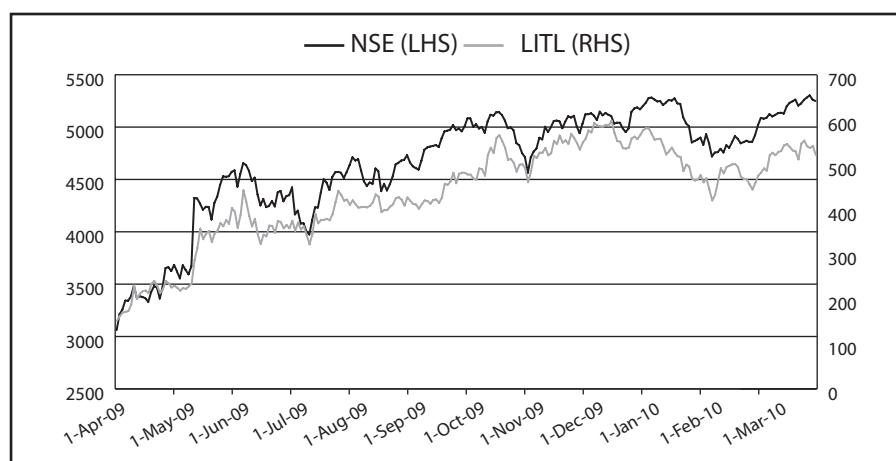
The monthly High & Low stock quotations in respect of the same are furnished below:

(In Rs.)

Month	NSE		BSE	
	HIGH	LOW	HIGH	LOW
April, 2009	240.95	152.00	240.90	152.35
May, 2009	369.75	219.10	369.15	218.90
June, 2009	442.95	323.05	443.60	322.30
July, 2009	441.60	322.20	441.75	322.40
August, 2009	433.65	394.15	433.85	394.25
September, 2009	481.90	401.65	481.10	401.40
October, 2009	565.55	466.40	566.60	466.35
November, 2009	568.45	460.75	566.45	461.15
December, 2009	597.80	535.75	597.95	534.45
January, 2010	58.10*	46.45*	58.15*	46.65*
February, 2010	50.15*	42.00*	50.15*	42.00*
March, 2010	55.35*	47.55*	54.65*	47.55*

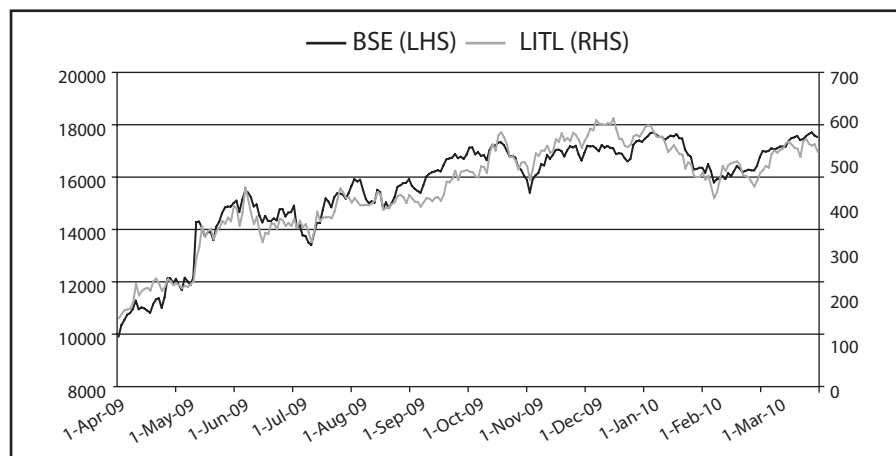
**\* 1 (One) Equity Share of Rs.10/- each Face Value as Fully Paid-up was Sub-divided into 10 (Ten) Equity Shares of Re.1/- each Face Value as Fully Paid-up.**

(viii) **Stock Performance in comparison to NSE\* :**



\* To ensure consistency, uniformity and meaningful comparison, the Graph has been drawn assuming Face Value of the Equity Share at Rs.10/- Post-Split.

**Stock Performance in comparison to BSE\* :**



\* To ensure consistency, uniformity and meaningful comparison, the Graph has been drawn assuming Face Value of the Equity Share at Rs.10/- Post-Split.

**(ix) Registrars & Share Transfer Agents:**

Link Intime India Private Limited  
(Unit: Lanco Infratech Limited)  
Regd. Office: C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai – 400 078, Maharashtra, India.  
Phone : +91-22-2594 6970, Fax : +91-22-2594 6969  
E-mail : [lanco@linkintime.co.in](mailto:lanco@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**(x) Share Transfer System**

The shareholders are advised to contact the Registrars and Share Transfer Agents at their address for effecting transfer of shares.

**(xi) (a) Distribution of Shareholding by size class as of March 31, 2010:**

Nominal Value of Shareholding (in Rs.)	No. of Shareholders	Percentage	No. of Shares	Percentage of total
Up to 5,000	1,02,774	98.5331	5,04,00,932	2.0932
5,001 – 10,000	681	0.6529	52,02,328	0.2161
10,001 – 20,000	313	0.3001	45,37,694	0.1885
20,001 – 30,000	107	0.1026	26,81,169	0.1114
30,001 – 40,000	45	0.0431	15,67,634	0.0651
40,001 – 50,000	48	0.0460	22,57,779	0.0938
50,001 – 1,00,000	78	0.0748	59,20,827	0.2459
1,00,001 and above	258	0.2474	233,52,36,557	96.9861
<b>Total</b>	<b>1,04,304</b>	<b>100.0000</b>	<b>240,78,04,920</b>	<b>100.0000</b>

**(b) Shareholding Pattern of the Company as on March 31, 2010: Annexed.**

**(xii) Dematerialization of Shares and Liquidity:**

About 81.12% of outstanding equity has been in dematerialized form as on March 31, 2010.

**(xiii) Outstanding convertible instruments:**

As of March 31, 2010, there are no outstanding convertible instruments.

**(xiv) Address for Correspondence**

Registered Office: Plot No.4, Software Units Layout, HITEC City,  
Madhapur, Hyderabad – 500 081, Andhra Pradesh, India.  
Phone: +91-40-40090400, Fax: +91-40-23116109  
E-mail: [complianceofficer.litl@lancogroup.com](mailto:complianceofficer.litl@lancogroup.com)

## Annual Declaration by CEO Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement

As the Managing Director of Lanco Infratech Limited, as required by Clause-49 (I)(D)(ii) of the Listing Agreement executed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the Financial Year 2009-2010.

For **LANCO INFRATECH LIMITED**

Place: Gurgaon  
Date : 01.04.2010

**G. Venkatesh Babu**  
Managing Director

### **II. NON-MANDATORY REQUIREMENTS:**

#### **Chairman of the Board:**

The Chairman of the Company is an Executive Chairman of the Company during the year and hence this provision is not applicable.

#### **Remuneration Committee:**

All the requirements of the Remuneration Committee have been complied.

#### **Whistle blower policy:**

The Whistle Blower Policy is in Place.



## Shareholding Pattern of the Company as on March 31, 2010.

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a Percentage (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/Hindu Undivided Family	3	166538520	166538520	6.9166	6.9166	165000000	99.0762
(b)	Central Government/State Government(s)							
(c)	Bodies Corporate	1	319114320	319114320	13.2533	13.2533	118252610	37.0565
(d)	Financial Institutions/Banks							
(e)	Any Other (specify)							
	Relatives of Promoters	5	64579140	54846000	2.6821	2.6821	47201640	73.0912
	<b>Sub-Total (A)(1)</b>	<b>9</b>	<b>550231980</b>	<b>540498840</b>	<b>22.8520</b>	<b>22.8520</b>	<b>330454250</b>	<b>60.0573</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)							
(b)	Bodies Corporate	1	1085822020	641098210	45.0959	45.0959	152500000	14.0447
(c)	Institutions							
(d)	Any Other (specify)							
	<b>Sub-Total (A)(2)</b>	<b>1</b>	<b>1085822020</b>	<b>641098210</b>	<b>45.0959</b>	<b>45.0959</b>	<b>152500000</b>	<b>14.0447</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>10</b>	<b>1636054000</b>	<b>1181597050</b>	<b>67.9479</b>	<b>67.9479</b>	<b>482954250</b>	<b>29.5195</b>
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>						NA	NA
(a)	Mutual Funds/UTI	40	50941158	50941158	2.1157	2.1157		
(b)	Financial Institutions/Banks	11	50315110	50315110	2.0897	2.0897		
(c)	Central Government/State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors	153	460172815	460172815	19.1117	19.1117		
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
	<b>Sub-Total (B)(1)</b>	<b>204</b>	<b>561429083</b>	<b>561429083</b>	<b>23.3171</b>	<b>23.3171</b>	<b>NA</b>	<b>NA</b>
<b>(2)</b>	<b>Non-Institutions</b>						NA	NA
(a)	Bodies Corporate	1047	26007416	26006916	1.0801	1.0801		
(b)	Individuals-							
	(i) Individual Shareholders holding Nominal Share Capital upto Rs.1 Lakh	101727	60752497	60746677	2.5231	2.5231		
	(ii) Individual Shareholders holding Nominal Share Capital in excess of Rs.1 Lakh	33	15072628	15072628	0.6260	0.6260		
(c)	Any Other (Specify)							
	(i) Trusts	4	90663750	90663750	3.7654	3.7654		
	(ii) Clearing Member	422	3198472	3198472	0.1328	0.1328		
	(iii) Non-Resident Indians (Repat)	691	13702731	13702731	0.5691	0.5691		
	(iv) Non-Resident Indians (Non-Repat)	160	254433	254433	0.0106	0.0106		
	(v) Foreign Companies	1	669910	669910	0.0278	0.0278		
	<b>Sub-Total (B)(2)</b>	<b>104085</b>	<b>210321837</b>	<b>210315517</b>	<b>8.7350</b>	<b>8.7350</b>	<b>NA</b>	<b>NA</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>104289</b>	<b>771750920</b>	<b>771744600</b>	<b>32.0521</b>	<b>32.0521</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A) + (B)</b>	<b>104299</b>	<b>2407804920</b>	<b>1953341650</b>	<b>100.0000</b>	<b>100.0000</b>	<b>482954250</b>	<b>20.0579</b>
<b>(C)</b>	<b>Shares held by Custodians and Against which Depository Receipts have been issued</b>	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>104299</b>	<b>2407804920</b>	<b>1953341650</b>	<b>100.0000</b>	<b>100.0000</b>	<b>482954250</b>	<b>20.0579</b>

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

## To the Members of Lanco Infratech Limited

We have examined the relevant records of Lanco Infratech Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the Financial Year ended March 31, 2010. I have obtained all the information and explanations which to the best of my knowledge and belief are necessary for the purposes of Certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the Conditions of the Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement(s).

For **C. V. Reddy K & Associates**  
Company Secretaries

Place: Gurgaon  
Date: 11-06-2010

**K. Ch. Venkat Reddy**  
Company Secretary in Practice  
PCS No. 8998

# ABRIDGED FINANCIAL STATEMENTS

## Auditors' Report on Abridged Financial Statements

To the Members of Lanco Infratech Limited,

We have examined the abridged Balance Sheet of Lanco Infratech Limited as at March 31, 2010, the abridged Profit and Loss Account and abridged Cash Flow Statements for the year ended on that date, together with the notes thereon.

These abridged financial statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the accounts of the Company for the year ended March 31, 2010 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report of even date to the members of the company which report is attached herewith.

**For Price Waterhouse**

Firm Registration Number: 007568S  
Chartered Accountants

**For Brahmayya & Co.,**

Firm Registration Number: 000511S  
Chartered Accountants

**Avijit Mukerji**

Partner  
Membership Number: F56155  
Place: Gurgaon  
Date: June 11, 2010

**N. Sri Krishna**

Partner  
Membership Number: 26575  
Place: Gurgaon  
Date: June 11, 2010

## Auditors' Report to the Members of Lanco Infratech Limited

1. We have audited the attached Balance Sheet of Lanco Infratech Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Price Waterhouse**

Firm Registration Number: 007568S

Chartered Accountants

**Avijit Mukerji**

Partner

Membership Number: F56155

**For Brahmayya & Co.**

Firm Registration Number: 000511S

Chartered Accountants

**N. Sri Krishna**

Partner

Membership Number: 26575

Place : Gurgaon

Date : June 11, 2010

Place : Gurgaon

Date : June 11, 2010



## Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Lanco Infratech Limited on the financial statements for the year ended March 31, 2010

1. (a) The Company is maintaining records showing particulars, including quantitative details and situation, of fixed assets other than for certain assets in respect of which Company is in the process of affixing identification numbers.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory except for certain construction and project work in progress, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory except for certain construction and project work in progress. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clause (iii) (b), (c) and (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable for the current year.
- (b) The Company had taken an unsecured loan, from a company covered in the register maintained under Section 301 of the Act in earlier years. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs.200 Million.
- (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loan, the principal amount has not fallen due for repayment as stipulated and the Company is regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions for sale of services made in pursuance of such contracts or arrangement and exceeding the value of Rupees Five Lakhs in respect of certain parties during the year were of special nature for which no comparable market prices were available as explained by the management of the company.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of Electrical energy produced, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund (other than provident fund pertaining to contract works), investor education and protection fund, employees' state insurance, income-tax, wealth tax, sales tax, service tax, works contract tax, customs duty, Cess and other material statutory dues as applicable, with the appropriate authorities though there have been slight delays in a number of cases.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, service tax and sales-tax as at March 31, 2010 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Disputed Amount in Rs. Million	Amount Paid under protest in Rs. Million	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	3.66	1.86	Assessment Year 2003-04	Income Tax Appellate Tribunal and with The Honourable High Court, Andhra Pradesh
Income Tax Act, 1961	Income Tax	22.24	13.75	Assessment Year 2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	7.38	-	Assessment Year 2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	6.65	-	Assessment Year 2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.29	-	Assessment Year 2007-08	Commissioner of Income Tax (Appeals)
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	1.69	0.84	Financial Year 2000-01	The Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.24	0.24	Financial Year 2001-02	The Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Tax on Entry of Goods Act, 2001	Entry Tax	0.21	0.03	Financial Year 2007-08	The Appellate Deputy Commissioner CT, Panjagutta-Hyderabad
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.27	-	Financial Year 2001-02	The Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.53	0.39	Financial Year 2002-03	The Sales Tax Appellate Tribunal, Hyderabad
The Finance Act, 1994	Service Tax	1.38	-	April 2005-March 2008	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	1.59	-	June 2005-August 2008	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	155.84	-	June 2007-March 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	38.59	-	June 2007-July 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	154.74	-	April 2005-March 2008	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	0.13	-	April 2008-March 2009	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	3.78	-	July 2008-September 2009	Commissioner of Central Excise (Appeals)

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, pending utilization for the stated purpose certain loan funds were invested in short term investments and / or held as bank balances till the stated end use.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and there are no debentures outstanding as at the year end. Accordingly clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable for the current year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the Management, except for
  - inappropriate actions by certain employees of the Company (who have since been reprimanded) that involved unauthorised renegotiation of insurance premium collected by the Company from its contracting principals (customers) and paid to insurance companies, and inappropriate retention of the insurance premium, aggregating Rs. 19.7 million, so refunded by insurance companies on Company's account, rather than crediting the customers. The reported amounts, as above, have since been paid to customers, and new internal controls have since been introduced by the Company,
  - suspected fraud by some of the employees of the company relating to steel scrap in one of its units, quantum of which is not ascertainable at this point of time (which in the opinion of the management might not be material) and for which management has lodged a complaint and the matter is under investigation, and
  - misappropriation (reported by the management) of construction material at one of its sites by the contractor which as confirmed by management has since been recovered.

**For Price Waterhouse**

Firm Registration Number: 007568S  
Chartered Accountants

**For Brahmayya & Co.**

Firm Registration Number: 000511S  
Chartered Accountants

**Avijit Mukerji**

Partner  
Membership Number: F56155

**N. Sri Krishna**

Partner  
Membership Number: 26575

Place: Gurgaon  
Date: June 11, 2010

Place: Gurgaon  
Date: June 11, 2010

## Abridged Balance Sheet as at March 31, 2010

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

Rs. Millions

	2010		2009	
<b>I SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds</b>				
(a) Capital				
(i) Equity		2,385.47		2,198.34
(b) ESOP Outstanding		746.01		207.46
(c) Reserves and Surplus				
(i) Capital Reserve		42.90		42.90
(ii) General Reserve		14.58		14.58
(ii) Surplus in Profit and Loss Account		10,717.64		5,853.82
(iv) Securities Premium Account		17,699.76		10,298.02
<b>(2) Loan Funds</b>				
(a) Secured Loans		18,893.35		9,734.39
(b) Unsecured Loans		8,444.13		3,697.04
<b>(3) Deferred Tax Liability (Net)</b>		53.86		178.13
<b>TOTAL</b>		<b>58,997.70</b>		<b>32,224.68</b>
<b>II APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
(a) Net Block - (Original cost less depreciation)		3,988.98		3,652.75
(b) Capital Work in Progress (including Capital Advances)		334.36		223.72
<b>(2) Investments</b>				
(a) Investments in subsidiary companies				
(i) Unquoted		15,511.53		10,884.01
(b) Others				
(i) Quoted		14.67		4.07
(Market Value Rs.22.26 Millions {2009: Rs. 4.07 Millions})				
(i) Unquoted		17,388.00		8,688.99
(c) Share Application Money Pending Allotment		1,026.94		1,169.14
<b>(3) Current Assets, Loans and Advances</b>				
(a) Inventories	4,472.14		4,219.75	
(b) Sundry Debtors	23,039.82		11,709.20	
(c) Cash and Bank Balances	3,674.84		876.01	
(d) Other Current Assets	8.00		10.78	
(e) Loans and Advances				
(i) To Subsidiary Companies	7,547.96		4,501.97	
(i) To Others	15,999.05		13,864.31	
	54,741.81		35,182.02	
<b>Less: Current Liabilities and Provisions</b>				
(a) Liabilities	33,385.50		27,076.46	
(b) Provisions	623.09		503.56	
	34,008.59		27,580.02	
<b>Net Current Assets</b>		20,733.22		7,602.00
<b>TOTAL</b>		<b>58,997.70</b>		<b>32,224.68</b>

Compiled from the Audited Financial Statements of the Company referred to in our Report dated June 11, 2010

This is the Abridged Balance Sheet referred to in our report of even date

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

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

For and on behalf of the Board of Directors

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**G. Venkatesh Babu**  
Managing Director

**Dr. P. Kotaiah**  
Director

**T. Adi Babu**  
Director Finance

**C. Krishnakumar**  
Sr. Vice President & Company Secretary

Place: Gurgaon  
Date: June 11, 2010

Place: Gurgaon  
Date: June 11, 2010

# Abridged Profit and Loss Account For The Year Ended March 31, 2010

(Statement containing salient features of Profit and Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956)

Rs. Millions

	2010	2009
<b>I. Income</b>		
Operating Income	58,866.99	40,825.86
Dividend	11.20	2.85
Interest	278.56	100.07
Other Income	825.39	47.69
<b>Total</b>	<b>59,982.14</b>	<b>40,976.47</b>
<b>II. Expenditure</b>		
Construction and Operating Expenses		
Opening Contract Work-in-Progress	3,615.10	849.64
Add: Construction Material Consumed	33,826.73	28,744.39
Less: Closing Contract Work-in-Progress	(2,876.93)	(3,615.10)
	34,564.90	25,978.93
Operating Expenses	11,868.18	6,921.99
Salaries, wages and other employee benefits	1,896.06	1,199.55
Managerial Remuneration	117.19	114.25
Interest and Finance charges	1,979.40	1,386.12
Depreciation	597.71	405.26
Auditor's Remuneration	10.78	6.47
Provision for Debts/Claim	11.64	-
Other expenses	1,735.25	933.56
<b>Total</b>	<b>52,781.11</b>	<b>36,946.13</b>
<b>III. Profit Before Taxation</b>	<b>7,201.03</b>	<b>4,030.34</b>
<b>IV. Provision for Taxation</b>	2,337.21	1,381.66
<b>V. Profit after Taxation</b>	<b>4,863.82</b>	<b>2,648.68</b>
Balance of Profit brought forward	5,853.82	3,205.14
<b>Balance of profit Carried to Balance Sheet</b>	<b>10,717.64</b>	<b>5,853.82</b>
Earning per Share (Equity share of Re.1 each fully paid up)		
Basic Earnings per Share (Rs.)	2.17	1.25
Diluted Earnings per Share (Rs.)	2.14	1.24

Compiled from the Audited Financial Statements of the Company referred to in our Report dated June 11, 2010

This is the Abridged Balance Sheet referred to in our report of even date

**For Price Waterhouse**  
Firm Reg.No.007568S  
Chartered Accountants

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

For and on behalf of the Board of Directors

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**G. Venkatesh Babu**  
Managing Director

**Dr. P. Kotaiah**  
Director

**T. Adi Babu**  
Director Finance  
Place: Gurgaon  
Date: June 11, 2010

**C. Krishnakumar**  
Sr.Vice President & Company Secretary

Place: Gurgaon  
Date: June 11, 2010



## Abridged Cash Flow Statement For The Year Ended March 31, 2010

Rs. Millions

	2010	2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	7,201.03	4,030.34
Adjustments for:		
Depreciation	597.71	405.26
Income from Current Investments	(11.20)	(2.85)
Loss on sale of assets	6.83	3.50
Interest Income	(185.66)	(65.35)
Liabilities no longer required written back	(0.95)	(0.30)
Profit on sale of Longterm Investments	(146.17)	-
Profit on sale of Current Investments	(37.27)	(8.57)
Provision for Debts/Claim	11.64	-
Exchange Differences	(374.86)	95.73
ESOP Charge during the year	378.22	44.19
Interest Expense	1,979.40	1,290.39
<b>Operating Profit Before Working Capital Changes</b>	<b>9,418.72</b>	<b>5,792.34</b>
(Increase)/Decrease in Trade and Other Receivables	(13,588.54)	(6,868.16)
(Increase)/Decrease in Inventories	(252.39)	(2,660.03)
Increase/(Decrease) in Trade Payables	7,090.25	3,834.81
<b>Cash Flow From Operations</b>	<b>2,668.04</b>	<b>98.96</b>
Direct Taxes Paid	(2,478.25)	(1,160.57)
<b>Net Cash Flow From Operating Activities</b>	<b>189.79</b>	<b>(1,061.61)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(948.07)	(2,278.12)
Proceeds from sale of Fixed Assets	1.60	4.79
Proceeds from Sale of Investments - Subsidiaries	378.41	-
Purchase of Investments - Subsidiaries	(4,859.76)	(1,359.35)
Purchase of Investments - Others	(5,306.34)	(2,952.04)
Proceeds from Sale/Redemption of Current Investments (Net)	(3,167.60)	378.54
Inter Corporate Deposits given	(1,210.00)	-
Advance for investment - Subsidiaries	(3,209.15)	(1,355.64)
Advance for investment - Others	(1,037.05)	(1,674.39)
Advance for investment refunded - Subsidiaries	564.35	-
Advance for investment refunded - Others	1,684.01	-
Capital Work-in-Progress including Capital Advances	(110.64)	554.34
Income from Current Investments	11.20	2.85
Interest Income Received	188.44	78.53
<b>Net Cash Flow From Investing Activities</b>	<b>(17,020.60)</b>	<b>(8,600.49)</b>

## Abridged Cash Flow Statement For The Year Ended March 31, 2010

Rs. Millions

	2010	2009
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Foreign Currency Loan	2,308.87	3,026.79
Repayment of Foreign Currency Loan	(4,042.45)	(1,212.58)
Proceeds from Short-term Borrowings(Net)	(214.95)	4,221.38
Proceeds from Long-term Borrowings	17,561.96	1,907.21
Repayment of Long-term Borrowings	(3,957.38)	(40.04)
Proceeds on account of QIP issue of Equity Shares including Securities Premium	7,273.49	-
Inter Corporate Deposits Received	2,250.00	-
Proceeds on account of exercise of ESOP shares including premium	618.16	21.16
Share issue expenses	(142.45)	(29.96)
Interest Paid	(1,969.41)	(1,345.95)
<b>Net Cash Flow Used in Financing Activities</b>	<b>19,685.84</b>	<b>6,548.01</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,855.03	(3,114.09)
Cash and Cash Equivalents at the beginning of the Year	601.87	3,715.96
Cash and Cash Equivalents at the end of the Year	<b>3,456.90</b>	<b>601.87</b>
<b>Supplementary Information</b>		
<b>Cash and Bank Balances</b>	3,674.84	876.01
Less: Investment in Long-term deposits with scheduled banks	217.94	274.14
<b>Balance considered for Cash Flow Statement</b>	<b>3,456.90</b>	<b>601.87</b>

## Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements as notified under Section 211(3C) of the Companies Act, 1956.
2. Cash and Bank Balances include margin money deposits amounting to Rs. 148.76 millions (March, 2009: Rs. 181.09 millions).
3. Previous year's figures have been regrouped and reclassified to conform to those of the current year.

Compiled from the Audited Financial Statements of the Company referred to in our Report dated June 11, 2010

This is the Abridged Balance Sheet referred to in our report of even date

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

**For Brahmaya & Co.,**  
Firm Reg. No. 000511S  
Chartered Accountants

For and on behalf of the Board of Directors

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**G. Venkatesh Babu**  
Managing Director

**Dr. P. Kotaiah**  
Director

**T. Adi Babu**  
Director Finance

**C. Krishnakumar**  
Sr. Vice President & Company Secretary

Place: Gurgaon  
Date: June 11, 2010

Place: Gurgaon  
Date: June 11, 2010

# Notes to Abridged Financial Statements

## 1. Significant Accounting Policies

### Accounting Assumptions

These accounts have been prepared under the historical cost convention on a going concern basis, with revenues recognized and expenses accounted on their accrual and amounts determined as payable or receivable during the year except those with significant uncertainties and comply in all material respects with the applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ("the Act") and relevant provisions of the Act.

### Accounting Estimates

The preparation of the financial statements in conformity with the Indian Generally Accepted Accounting Principles (GAAP) requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. The estimates and assumptions made in the accompanying financial statements are based upon the management evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from those estimates.

### Revenue Recognition

For EPC & Construction contracts, revenue is recognised on the percentage of completion method based on the stage of completion of a contract as at the balance sheet date.

The stage of completion of a contract is determined on the basis of the proportion that progress billings raised to customers up to the reporting date bear to the total contract value. Progress billings are raised by the Company on the basis of joint surveys and work certified by the customers.

The estimates of contract revenue and the cost thereon are reviewed periodically by management and the effect of any changes in estimates is recognised in the period in which such changes are determined. However, when the total contract cost is estimated to exceed total revenues from the contract, the loss is recognised immediately.

Profit is recognised when the outcome of the contract can be estimated reliably. Profit is recognised in proportionate to the value of work done (measured by the stage of completion).

Claims for duty drawback are accounted for on accrual.

Income from project management/technical consultancy is recognized as per the terms of the agreement on the basis of services rendered.

Revenue from sale of electrical energy is recognized on accrual basis in accordance with the provisions of power purchase agreements.

Revenue from sale of Verified Emission Reductions (VERs) is recognized upon execution of a firm contract of sale of eligible credits.

Income from investments is recognized in the year in which it is accrued/right to receive payment is established and stated at gross of tax deducted at source.

Dividends declared by the subsidiary companies after the Balance Sheet date, are recognized as income in the year to which they relate if they are declared before the approval of the financial statements by the Board of Directors.

### Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, insurance, duties, levies and all incidentals attributable to bringing the asset to its working condition for their intended use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

### Impairment

All the assets are assessed for any indication of impairment at the end of each financial year. On such indication, impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon reassessment in the subsequent years.

Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### Operating Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to the Profit and Loss Account on accrual basis.

### Depreciation

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 except for assets costing Rs.5000 or less, which are fully depreciated in the year of acquisition. Certain project related construction assets including temporary structures are depreciated over the respective estimated project periods viz., IT Park Project Assets - 5 years, Power Project Assets - 3 years.

Further, depreciation on 'Wooden Scaffoldings' is provided at 100% and cost of 'Metal Scaffoldings' is written off over a period of 3 years.

Leasehold improvements included in respective asset block like building and furniture and fixtures are amortized over the period of lease or estimated useful life whichever is shorter.

In respect of additions/deletions to the fixed assets/leasehold assets, depreciation is charged from the date the asset is ready to use/up to the date of deletion.

### Investments

Long-term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such

investments. Current investments are carried at lower of cost and fair value. Cost of acquisition is inclusive of expenditure incidental to acquisition.

### **Inventories**

Construction materials and project/construction work-in-progress are valued at lower of cost and net realizable value. Cost is determined on Weighted Average Cost method.

Stores and Spares are valued at lower of cost and net realizable value.

Inventory, Stores and Spares are valued on weighted average cost method.

### **Employee Benefits**

Employee benefits are accounted for on accrual basis, with contributions to Provident Fund charged to the Profit and Loss account each year. Liability for gratuity and leave encashment is determined on the basis of actuarial valuation as per projected unit credit method as at the end of the accounting period.

The Employee Benefit Schemes are as under:

#### **A. Defined Contribution Plan:**

##### **a) Provident Fund**

Eligible employees of the Company receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the Company make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Government of India and the Company has no further obligation beyond making its contribution. The Company's monthly contributions are charged to Profit and Loss Account in the period they are incurred.

#### **B. Defined Benefit Plan:**

##### **a) Gratuity**

In accordance with the payment of 'Gratuity Act, 1972' of India, the Company provides for gratuity (which is not funded), a defined retirement benefit plan covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by actuarial valuation and are charged to Profit and Loss Account in the period determined.

##### **b) Leave Encashment**

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such Leave balance eligible for carry forward, is determined by actuarial valuation and charged to Profit and Loss Account in the period determined.

### **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till the date of capitalisation. Other borrowing costs are recognized as an expense in the year in which they are incurred.

### **Foreign Currency Transactions**

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Monetary assets and monetary liabilities denominated in foreign currency are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising from actual payment/realization and from the year end restatement referred to above are recognized in the Profit and Loss account.

In case of forward exchange contracts or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risks the premium or discount arising at the inception of the contract is amortised as expenses or income over the life of the contract. Exchange differences arising on such contracts are recognized in the period in which they arise. Losses on account of outstanding Forward exchange contracts which are on account of firm commitment and/or are highly probable forecast transaction on balance sheet date are accounted on Mark to Market basis keeping in view of the principle of prudence.

### **Taxes on Income**

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a reasonable/virtual certainty that those assets could be set off against the available future income. The deferred tax asset/liability is reviewed every year as at the balance sheet date.

### **Earnings per Share**

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average of shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued to the conversion of all dilutive potential equity shares where applicable.

Dilutive potential equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value. The number of shares and potentially dilutive shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

### **Employee Stock Option Scheme**

The Company has formulated an Employees Stock Option Scheme to be administered through a Trust. The scheme provides that subject to continued employment with the Company or the Group, employees of the Company and its subsidiaries are granted an option to acquire equity shares of the Company that may be exercised within a specified period. The Company follows the intrinsic value method for computing

the compensation cost for all options granted which will be amortized over the vesting period.

#### **Provisions, Contingent liabilities and contingent assets:**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of past event,
- A probable outflow of resources is expected to settle the obligation; and
- The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

#### **2. (Note No. 1 of Schedule 18 (II) of Financial Statements)**

During the year, the Company has split its Equity Shares of Rs.10 each into 10 Equity shares of Re.1/- each and completed the process on January 5, 2010.

#### **3. (Note No. 2 of Schedule 18 (II) of Financial Statements)**

The Company has on August 7, 2009 allotted 1,84,18,587 equity shares of Rs.10/- each fully paid up at the issue price of Rs.394.90/-(including premium of Rs.384.90/-) per equity share aggregating to an issue size of Rs.7,273.50 Millions in favour of Qualified Institutional Buyers (QIB) in terms of Chapter-XIII-A of Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 as amended. The purpose of the issue is to use the net proceeds received from the issue for general corporate purposes and for funding our projects and future growth. Accordingly, the net proceeds of Rs. 7,131.05 Millions (Net of issue expenses of Rs. 142.45 Millions) were utilized for the intended purposes.

#### **4. (A) Secured Loans**

(Note No. 3 (A) of Schedule 18 (II) of Financial Statements)

- Rupee term loan from a bank of Rs.213.74 Millions (2009: Rs.251.92 Millions) is secured by way of mortgage on the immovable assets pertaining to the wind turbine generator project and hypothecation of movable assets both present and future of the company on first charge basis.

Rupee term loans from other banks of Rs. 4,510.11 Millions (2009: Rs. Nil Millions) are secured by

way of pledge of shares of the Company held by the promoters and also by pledge of shares of a subsidiary held by the Company and balance rupee term loans from banks of Rs.1,999.83 Millions (2009: Rs.Nil Millions) are secured by a second charge on entire current assets of the Company both present and future, on *pari passu* basis, with other working capital lenders, under multiple banking arrangements.

- Rupee term loan from a financial institution of Rs.1,285.71 Millions (2009: Rs.1,500 Millions) is secured by way of hypothecation of certain plant and machinery amounting to Rs.500.36 millions on first charge basis and collateral security of land belonging to the Company and some of its subsidiaries.

Rupee term loan from another financial institution of Rs.3,000 Millions (2009: Rs.Nil Millions) is secured by way of pledge of shares of the Company held by one of the promoters and also by pledge of shares of a subsidiary held by the Company and another loan of Rs. 2,000 Millions (2009: Rs. Nil Millions) from a financial institution is secured by way of pledge mutual fund units of equivalent amount.

- Cash Credit and Working Capital Loans from Banks of Rs.4,772.58 Millions (2009: Rs.5,306.63 Millions) are secured by a first charge by way of hypothecation of stock/work in progress and entire current assets of the company both present and future, on *pari passu* basis, with other working capital lenders, under multiple banking arrangements and Rs.Nil Millions (2009: Rs.0.01 Million) from a bank is also guaranteed by certain Directors of the Company in their personal capacity.

Balance Rs. 319.10 Millions (2009: Rs. Nil Millions) are secured by a second charge on entire current assets of the Company both present and future, on *pari passu* basis, with other working capital lenders, under multiple banking arrangements.

- Foreign currency loans (Buyers Credit) from banks of Rs. 80.64 Millions (2009: 1,814.21 Millions) are secured as part of working capital limits from banks by way of first charge of hypothecation of stock/work-in-progress and entire current assets of the company both present and future, on *pari passu* basis, with other working capital lenders, under multiple banking arrangements
- Hypothecation Loans of Rs.711.64 Millions (2009: Rs.861.63) are secured by hypothecation of specific construction equipment/vehicles acquired out of such loans.

#### **(B) Unsecured Loans**

(Note No. 3 (B) of Schedule 18 (II) of Financial Statements)

All the unsecured loans from banks are guaranteed by way of pledge of shares of the Company held by one of the shareholders of the Company.



**5. Contingent Liabilities**

(Note No. 4 of Schedule 18(II) of Financial Statements)

- a) Sales Tax/Entry Tax Demands disputed by the Company, under appeal Rs.2.94 Millions (2009: Rs. 2.94 Millions).
- b) Income Tax Demands disputed by the Company relating to disallowances made in various assessment proceedings, under appeal Rs.42.22 Millions (2009: Rs. 42.22 Millions).
- c) Service Tax demands disputed by the Company relating to applicability of service tax to various services, under appeal works out to Rs. 356.05 Millions (2009: Rs. 197.38 Millions).
- d) Corporate guarantees given to Financial Institutions, Banks on behalf of other group companies Rs.38,757.82 Millions (2009: Rs. 21,807.76 Millions).

**6. Forward Contracts**

(Note No. 5 of Schedule 18 (II) of Financial Statements)

- a) Forward cover for foreign currency creditors outstanding as of balance sheet date is Rs 40.21 Millions (2009: Rs. 146.32 Millions).

- b) Forward cover for firm commitments or highly probable forecast transaction as of balance sheet date is Rs.2,031.30 Millions (2009: Rs. Nil Millions).

- c) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is Rs.4,592.61 Millions (2009: Rs.1,964.15 Millions).

**7. Capital Commitments**

(Note No. 6 of Schedule 18 (II) of Financial Statements)

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs.118.70 Millions (2009: Rs. 142.90 Millions).
- b) Towards Investment in equity and preference shares of subsidiary and associate companies – Rs.24,923.76 Millions (2009: Rs. 13,316.87 Millions).

**8. (Note No. 7 of Schedule 18 (II) of Financial Statements)**

The long-term unquoted investments in equity shares and preference shares of subsidiary companies and associates as given hereunder and included in Schedule 6 are pledged with banks and financial institutions who have extended loan facilities to the respective investee companies.

Sl. No.	Investee Company	No. of Shares pledged	
		2010	2009
1	Aban Power Company Limited – Equity Shares	49,748,868	49,748,868
2	Clarion Power Corporation Limited – Equity Shares	-	13,790,303
3	Rithwik Energy Systems Limited – Equity Shares	-	2,703,800
4	Lanco Amarkantak Power Limited – Equity Shares	382,136,150	351,636,150
5	Lanco Green Power Private Limited – Equity Shares	25,250,000	25,250,000
6	Lanco Kondapalli Power Private Limited – Equity Shares #	127,577,300	115,260,000
7	Lanco Energy Private Limited – Equity Shares	7,188,210	7,188,210
8	Udupi Power Corporation Limited – Equity Shares	22,500,000	20,000,000
9	Udupi Power Corporation Limited – Preference Shares	532,152,448	445,502,448
10	Lanco Anpara Power Limited – Equity Shares	7,742	7,742
11	Lanco Anpara Power Limited – Preference Shares	330,000,000	330,000,000
12	Lanco Hoskote Highways Private Limited – Equity Shares	26,002,600	26,002,600
13	Lanco Devihalli Highways Private Limited – Equity Shares	10,402,600	10,402,600
14	Lanco Hydro Energies Private Limited*	39,999,800	-
15	Vamshi Industrial Power Limited*	7,333,800	7,333,800
16	Vamshi Hydro Energies Private Limited*	7,089,000	7,089,000

\*Subsidiaries of Lanco Hydro Power Ventures Private Limited

# Out of total 127,577,300 Equity Shares of Lanco Kondapalli Power Private Limited, 1,23,17,300 shares (2009: Nil) were pledged for the purpose of availing loan facilities by Lanco Infratech Ltd.

**9. (Note No. 8 of Schedule 18 (II) of Financial Statements)**

During the year the Company has changed its accounting policy with respect to valuation of inventory from FIFO method to Weighted Average method. Consequent to the change, the inventory value stated is lower by Rs. 3.94 Millions when compared to FIFO method. The change has resulted in reduction of profit by Rs. 3.94 Millions for the year ended March 31, 2010.

**10. (Note No. 9 of Schedule 18 (II) of Financial Statements)**

Amounts paid to subsidiary companies and others, towards share application money, to the extent not refunded, have been considered as advances, pending allotment and will be adjusted on allotment (Schedule 11 to Financial Statements).

Share application money paid out of issue proceeds of earlier year and pending allotment has been shown under investment (Schedule 6 to Financial Statements).

**11. Disclosure pursuant to Accounting Standard 7 (Revised) –“Construction Contracts”**

(Note No. 11 of Schedule 18 (II) of Financial Statements)

Rs. Millions

Particulars	2010	2009
1. Amount of Contract revenue recognized during the year	57,979.40	40,304.69
2. Aggregate amount of costs incurred and recognized profits (less recognized losses) up to the reporting date. [including construction work in progress/Inventory of Rs.3,779.72 Millions (2009: Rs.4,204.66 Millions)]	93,464.83	64,144.89
3. Amount of customer advances outstanding for contracts in progress	16,999.68	16,691.39
4. Retention amount due from customers for contracts in progress	6,384.21	5,256.34
5. Gross amount due from customers for contract works as an asset	21,594.83	11,612.98

**12. Earnings Per Share (EPS)**

(Note No. 13 of Schedule 18 (II) of Financial Statements)

Particulars		2010	2009
Net profit available for Equity Share Holders (Rs. in Millions)	<b>A</b>	4,863.82	2,648.68
Weighted average number of Equity Shares for Basic EPS	<b>B</b>	2,241,525,934	2,114,262,700
Add: Adjustment for outstanding options under ESOP		26,502,672	25,460,270
Weighted Average number of Equity shares for Diluted EPS	<b>C</b>	2,268,028,606	2,139,722,970
Nominal value of share*		Re. 1	Re. 1
Basic EPS	<b>A / B</b>	2.17	1.25
Diluted EPS	<b>A / C</b>	2.14	1.24

\*Refer Note 1 of Schedule 18 (II)

**13. Employee Benefits**

(Note No. 14 of Schedule 18 (II) of Financial Statements)

**i) Defined Benefit Plans**

The following table sets forth the status of the Gratuity Plan and Leave Encashment Plan of the Company and the amounts recognized in the Profit and Loss Account.

Rs. Millions

Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	2010		2009	
Projected benefits obligation at the beginning of the year	28.36	136.99	18.79	36.44
Current service cost	27.61	78.91	13.33	95.02
Interest cost	1.90	9.26	1.49	2.10
Actuarial loss/(gain)	14.42	9.30	(5.12)	23.78
Benefits paid	1.57	(6.66)	(0.13)	(20.35)
<b>Projected benefit obligation at the end of the year</b>	<b>73.86</b>	<b>227.80</b>	<b>28.36</b>	<b>136.99</b>

<b>Amounts recognized in the balance sheet</b>				
Projected benefit obligation at the end of the year	73.86	227.80	28.36	136.99
Fair value of plan assets at end of the year	-	-	-	-
<b>Funded status of the plan – (asset)/liability</b>	73.86	227.80	28.36	136.99
<b>(Assets)/Liability recognized in the balance sheet</b>	73.86	227.80	28.36	136.99
<b>Cost for the year</b>				
Current service cost	27.61	78.91	13.33	95.02
Interest cost	1.90	9.26	1.49	2.10
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognized in the year	14.42	9.30	(5.12)	23.78
<b>Net Cost</b>	43.93	97.47	9.70	120.90
<b>Investment details of the Plan Assets</b>				
State and Central Securities	-	-	-	-
Bonds	-	-	-	-
Special Deposits	-	-	-	-
<b>Actual Return on Plan Assets</b>	-	-	-	-
<b>Assumptions</b>				
Discount Rate (%)	7.50%	7.50%	7.50%	7.50%
Estimated Rate of Return on Plan Assets	-	-	-	-
Expected average remaining service (in Years)	4.6	4.6	4.93	4.97
Expected rate of salary increase (%)	12.00%	12.00%	12.00%	12.00%

ii) **Defined Contribution Plans:**

In respect of the defined contribution plan (Provident Fund), an amount of Rs.69.19 Millions (2009: Rs.53.11 Millions) has been recognized as expenditure in the Profit and Loss Account.

In respect of State Plans (Employee State Insurance) an amount of Rs.0.32 Million (2009: Rs.0.72 Million) has been recognized as expenditure in the Profit and Loss Account.

**14.** (Note No.16 of Schedule 18 (II) of Financial Statements)

The Company has entered into certain cancellable and non-cancellable operating lease agreements mainly for office premises. The lease rentals charged during the year and maximum obligations on long-term non-cancellable operating leases payable as per the agreements are as follows:

Rs. Millions

<b>Particulars</b>	<b>2010</b>	<b>2009</b>
Lease Rentals under cancellable leases	48.39	44.72
Lease Rentals under non-cancellable leases	118.92	92.74
<b>Obligations on non-cancellable - Operating lease:</b>		
Not later than one year	122.05	133.86
Later than one year and not later than five years	78.31	247.67
Later than five years	1.15	35.46

**15. (Note No. 17 of Schedule 18 (II) of Financial Statements)**

Disclosure relating to suppliers covered by the Micro Small and Medium Enterprises Act, 2006 ('MSME Act') as required under Companies Act, 1956 has been made based on responses received from suppliers against request for confirmation sent out by the Company.

Rs. Millions

Particulars	2009-10	2008-09
a) (i) Principal amount remaining unpaid to any supplier as at the end of the year	0.211	0.56
(ii) Interest due on the above amount	0.007	-
b) (i) Amount of interest paid in terms of Section 16 of the MSMED Act, 2006.	-	-
(i) Amount of payments made to the suppliers beyond the appointed day during the year	0.041	-
c) Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act	0.002	-
	0.009	-
d) Amount of interest accrued and remaining unpaid at the end of the year	-	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprises.		

**16. (Note No. 18 of Schedule 18 (II) of Financial Statements)**

Segment information under Accounting Standard-17 "Segment Reporting" has not been presented in the stand alone financials as the same has been presented in the Consolidated Financial Statements of the Company.

**17. (Note No. 19 of Schedule 18 (II) of Financial Statements)**

Disclosure of Loans and Advances to Subsidiaries, Associates, Joint Ventures and Others (Pursuant to Clause 32 of the Listing Agreement):

Rs. Millions

Sl. No.	Name of the Company	Amount Outstanding as at		Maximum Amount Outstanding during the year	
		31-03-2010	31-03-2009	2009-10	2008-09
	<b>Subsidiaries</b>				
1.	Lanco Enterprise PTE Limited	407.88	-	412.43	-
2.	Lanco Power Trading Limited	0.12	-	665.15	-
3.	Lanco Green Power Private Limited*	49.25	-	49.25	-
	<b>Associates</b>				
1.	Lanco Babandh Power Limited	1,520.57	-	1,869.84	-

\*Repayable beyond 7 years.

**18. Related Party Transactions**

(Note No. 20 of Schedule 18 (II) of Financial Statements)

**a) Names of Related Parties and description of relationship:**

<b>Subsidiary Companies</b>	<ol style="list-style-type: none"> <li>1. Lanco Kondapalli Power Private Limited ( LKPPL)</li> <li>2. Aban Power Company Limited (APCL)</li> <li>3. Lanco Amarkantak Power Limited (LAPL)</li> <li>4. Lanco Hills Technology Park Private Limited (LHTPPL)</li> <li>5. Lanco Power Trading Limited (LPTL) (Earlier Lanco Electric Utility Limited)</li> <li>6. Lanco Energy Private Limited (LEPL)</li> <li>7. Lanco Green Power Private Limited (LGPPL)</li> <li>8. Lanco Hydro Power Ventures Private Limited (LHPVPL)</li> <li>9. Telesto Properties Private Limited (TePPL)</li> <li>10. Cordelia Properties Private Limited (CPPL)</li> </ol>
-----------------------------	--

	11. Dione Properties Private Limited (DPPL) 12. Deimos Properties Private Limited (DePPL) 13. Pearl Farms Private Limited (PFPL) 14. Uranus Projects Private Limited (UPPL) 15. Neptune Projects Private Limited (NPPL) 16. Vamshi Industrial Power Limited (VIPL) 17. Vamshi Hydro Energies Private Limited (VHEPL) 18. Lanco Hydro Energies Private Limited (LHEPL) 19. Mercury Projects Private Limited ( MPPL ) 20. Lanco Wind Power Private Limited (LWPPL) 21. Lanco Solar Private Limited (LSPL) 22. Lanco Vidarbha Thermal Power Private Limited (LVTPL) (Earlier Lanco Mahanadi Power Private Limited) 23. Amrutha Power Private Limited (APPL) 24. Spire Rotor Private Limited (SRPL) 25. Lanco Infratech (Mauritius) Limited (LIML) 26. Lanco Enterprise PTE Limited (LEnPL) 27. P.T. Lanco Indonesia Energy (LInE) 28. Leda Properties Private Limited (LPPL) 29. Thebe Properties Private Limited (ThPPL) 30. Jupiter Infratech Private Limited (JIPL) 31. Coral Orchids Private Limited (COPL) 32. Uranus Infratech Private Limited (UIPL) 33. Cressida Properties Private Limited (CrPPL)
<b>Key Management Personnel and their Relatives</b>	1. Sri L. Madhusudhan Rao, Chairman(LMR) 2. Sri G. Bhaskara Rao, Vice Chairman(GBR) 3. Sri L. Sridhar, (LS) Brother of LMR 4. Sri L. Rajagopal, (LRG) Brother of LMR 5. Smt L. Rajya Lakshmi (LRJ) 6. Smt. G. Padmavathi, (GP) Sister of LMR 7. Smt. L. Sirisha, wife of LS 8. Smt. G. Lakshmi Sirisha, daughter of GBR 9. Sri G. Avinash, son of GBR 10. Sri L. V. Rama Naidu, Father(LVRN) 11. Smt. L. Ramalakshamma, Mother(LRM) 12. Smt. G. Venkata Subbamma, Mother (GBR) 13. Sri G. Subba Rao, Brother (GBR) 14. Sri G. Venu Gopala Naidu, Brother (GBR) 15. Sri G. Venkatesh Babu, Managing Director (GVB) 16. Sri D. V. Rao 17. Smt. L. Padma, wife of LRG



<b>Enterprises where Significant Influence Exists</b>	<ol style="list-style-type: none"> <li>1. Lanco Anpara Power Limited ( LAnPL) (Earlier Lanco Anpara Power Private Limited)</li> <li>2. Udupi Power Corporation Limited ( UPCL)</li> <li>3. Lanco Hoskote Highway Private Limited ( LHHPL)</li> <li>4. Lanco Devihalli Highway Private Limited (LDHPL)</li> <li>5. Belinda Properties Private Limited (BePPL)</li> <li>6. Ananke Properties Private Limited (APPL)</li> <li>7. Tethys Properties Private Limited (TPPL)</li> <li>8. Bianca Properties Private Limited (BiPPL)</li> <li>9. Charon Trading Private Limited (CTPL)</li> <li>10. Mimas Trading Private Limited (MTPL)</li> <li>11. Phoebe Trading Private Limited (PTPL)</li> <li>12. Genting Lanco Power (India) Private Limited (GLPIPL)</li> <li>13. Lanco Babandh Power Limited (LBPL) (Earlier Lanco Babandh Power Private Limited)</li> <li>14. Portia Properties Private Limited (PPPL)</li> <li>15. Lanco Rani JV(LR)</li> </ol>
<b>Enterprises where Key Management Personnel have Significant Influence</b>	<ol style="list-style-type: none"> <li>1. Uranus Properties Private Limited</li> <li>2. Lanfin Ventures Private Limited (LVPL)</li> <li>3. Vainateya Power Private Limited</li> <li>4. Lanco Horizon Properties Private Limited (LHPPL)</li> <li>5. S.V.Contractors (SVC)</li> <li>6. LCL Foundation ESOP Trust</li> <li>7. Century Investments Limited</li> <li>8. Third Millenium Investments Limited</li> <li>9. Island Power Ventures Limited</li> <li>10. Himachal Hydro Power Private Limited</li> <li>11. Ravi Hydro Electric Private Limited</li> <li>12. Chatari Hydro Power Private Limited (CaPTL)</li> <li>13. Lanco Foundation (LF)</li> <li>14. Lanco Bay Technology Park Private Limited (LBTPPL)</li> <li>15. Lanco Transport Network Co.Private Limited</li> <li>16. Callisto Trading Private Limited</li> <li>17. Lanco Group Limited (LGL)</li> </ol>
<b>Enterprise Exercising Significant Influence</b>	<ol style="list-style-type: none"> <li>1. Prince Stone Investments Limited (PSIL)</li> </ol>

The Company has divested its entire holding in subsidiaries viz., Rithwik Energy Systems Limited (RESL) and Clarion Power Corporation Limited (CPCL) during the year.

b) Summary of transactions with related parties are as follows:

	2010				2009				
Nature of Transaction	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	
Payment for Goods Delivered	-	-	-	-	-	-	LIL	0.08	
Rent Received	APCL 1.80	-	LHPPL 1.56	-	APCL 1.80	-	LHPPL 2.08	-	
Contract Services Rendered	LKPPL 6,142.37 LHTPPL 1,402.43 LEPL 2,066.43 LAPL 1,498.68 OTHERS 1,432.76 <b>12,542.67</b>	UPCL 16,269.19 LAnPL 19,041.12 OTHERS 3,008.99 - - - <b>38,319.30</b>	- - - - - -	- - - - - -	LKPPL 4,555.28 LHTPPL 2,208.02 OTHERS 1,772.29 - - -	UPCL 18,433.30 LAnPL 6,016.95 OTHERS 1,873.91 - - -	COPL 31.11 - - - - -	-	
Contract Services/Shared Services Provided/(Availed)	LPTL 2.10 LEPL 4.38 LAPL 7.80 OTHERS 6.24 - - <b>20.52</b>	LAnPL 7.80 LBPL 7.97 - - - - <b>15.77</b>	- - - - - -	- - - - - -	LKPPL 1.16 LEUL 2.48 LEPL 3.09 LHEPL 1.25 LAPL 2.96 OTHERS 0.64 <b>11.58</b>	UPCL 2.45 LAnPL 8.02 LBPL 8.36 - - - <b>18.83</b>	- - - - - -	-	
Interest Paid/(Received)	LKPPL 14.00 LPTL (29.85) LHTPPL 19.91 LEnPL (1.62) LGPPL (0.28) <b>2.16</b>	UPCL 243.70 LBPL (132.86) - - - - <b>110.84</b>	- - - - - -	- - - - - -	LKPPL 14.00 - - - - - <b>(3.70)</b>	- - - - - - <b>(111.22)</b>	- - - - - -	-	
Donations Paid	-	-	LF 15.00	-	-	-	LF 15.00	-	
Managerial Remuneration	- - - - -	- - - - -	- - - - -	LMR 35.95 GBR 33.05 GVB 41.94 DVR 6.25 <b>117.19</b>	- - - - -	- - - - -	- - - - -	LMR 27.50 GBR 27.50 GVB 27.75 DVR 31.50 <b>114.25</b>	-
Sitting Fee	-	-	-	LS 0.14	-	-	-	LS 0.10	

## Summary of transactions with related parties (Contd.):

Nature of Transaction	2010				2009			
	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives
Purchase/(Sale) of Shares	LAPL 2,195.93 LHTPPL 2,000.00 OTHERS 663.83 <b>4,859.76</b>	UPCL 1,466.50 LAnPL 2,659.60 OTHERS 598.00 <b>4,724.10</b>	LHPPL 720.44  <b>720.44</b>	- - - -	LHTPPL 555.00 LAPL 804.20 <b>1,359.20</b>	UPCL 2,855.02 OTHERS 59.96 <b>2,914.98</b>	LGL 21.85 - <b>21.85</b>	GBR 0.20 LS 0.18 <b>0.38</b>
Share Application Money Paid during the year	LHTPPL 2,060.00 MPPL 1,699.50 LAPL 892.00 LVTPL 605.00 LHPVPL 587.70 OTHERS 778.56 <b>6,622.76</b>	LAnPL 2,552.50 UPCL 1,166.50 LBPL 1,069.50 OTHERS 1,578.90 - - <b>6,367.40</b>	LHPPL 15.24 LVPL 2.00 - - - - <b>17.24</b>	- - - - - - -	LEPL 595.00 LGPPL 416.50 OTHERS 608.28 - - - <b>1,619.78</b>	LBPL 640.00 UPCL 300.00 PPPL 290.65 LDHPL 190.00 OTHERS 426.04 <b>1,846.69</b>	LHPPL 653.20 OTHERS 40.46 - - - - <b>693.66</b>	- - - - - - -
Share Application Money Refunded during the year	LAPL 478.00 OTHERS 86.35 <b>564.35</b>	LDHPL 1,004.00 LHHPL 680.01 <b>1,684.01</b>	- - -	- - -	- - -	- - -	- - -	- - -
Management Consultancy Fee Charged	LVTPL 330.00 LAPL 36.00 LEPL 30.00 LPTL 18.00 OTHERS 14.90 <b>428.90</b>	LBPL 330.00 LHHPL 15.34 LDHPL 12.77 - - <b>358.11</b>	- - - - -	- - - - -	LEUL 18.00 LEPL 30.00 LAPL 36.00 OTHERS 17.97 <b>101.97</b>	UPCL 100.00 LHHPL 15.34 LDHPL 12.77 - - <b>128.11</b>	- - - - - -	- - - - - -
Works Contract Expense	LAPL 179.99 - <b>179.99</b>	UPCL 2,275.81 - <b>2,275.81</b>	- - -	- - -	LEPL 3.14 LHEPL 0.56 <b>3.70</b>	- - -	SVC 77.19 - <b>77.19</b>	- - -
Others Expenses/ (Income)	LKPPL 0.2 LHTPPL (8.11) <b>(7.91)</b>	UPCL 9.09 LR (0.22) <b>8.87</b>	- - -	- - -	- - -	LR 2.47 - <b>2.47</b>	LGL 34.03 - <b>34.03</b>	- - -
Sale of Goods	LHTPPL 14.14 <b>14.14</b>	- - <b>0.02</b>	LF 0.02 <b>0.02</b>	- - -	LHTPPL 77.92 <b>77.92</b>	- - -	- - -	- - -
Loan and Advances Given/(Taken) during the year	LEnPL 412.43 LGPPL 49.00 LKPPL (2,047.19) LHTPPL (750.00) <b>(2,335.76)</b>	UPCL (2,000.00) - - - <b>(2,000.00)</b>	SVC 1.09 OTHERS 0.85 - - <b>1.94</b>	- - - -	LGPPL 2.50 LSPL 34.62 LKPPL 40.22 OTHERS 1.29 <b>(801.81)</b>	LBPL 2.32 LAnPL (2,944.90) - - <b>(2,942.58)</b>	- - - - -	- - - - -
Inter Corporate Deposits Receivable during the year	LPTL 650.00 <b>650.00</b>	LBPL 1,210.00 <b>1,210.00</b>	- -	- -	- -	- -	- -	- -

Summary of transactions with related parties (Contd.) :

	2010					2009			
Nature of Transaction	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	
Purchase of Fixed Assets	LEPL 12.12	LBPL 3.32	-	-	LKPPL 0.94	LBPL 1.01	-	-	
	LHTPPL 7.47	-	-	-	LHTPPL 0.58	-	-	-	
	LWPPL 6.25	-	-	-	-	-	-	-	
	OTHERS 2.93	-	-	-	-	-	-	-	
	28.77	3.32	-	-	1.52	1.01	-	-	
Sale of Fixed Assets	LPTL 2.08	LHHPL 1.15	-	DVR 3.32	LEPL 1.06	UPCL 0.67	-	-	
	LVTTPPL 1.14	OTHERS 0.51	-	-	-	LBPL 2.01	-	-	
	LSPL 1.12	-	-	-	-	-	-	-	
	4.34	1.66	-	3.32	1.06	2.68	-	-	
	LKPPL 1,273.44	UPCL 33,772.99	-	-	LKPPL 608.72	UPCL 20,672.12	-	-	
Corporate Guarantee Given to Bank/FI on Behalf of Related Parties	LHTPPL 762.80	LBPL 2,500.00	-	-	HTPPL 4.62	LHHPL 170.00	-	-	
	LVTTPPL 250.00	LDHPL 132.50	-	-	CPCL 131.47	LDHPL 132.50	-	-	
	-	-	-	-	RESL 48.33	-	-	-	
	2,286.24	36,405.49	-	-	833.14	20,974.62	-	-	
	LEPL 2,925.00	LBPL 1,829.50	CaPTL 0.30	-	LEPL 2,705.70	LDHPL 1,010.00	LHPPL 705.20	-	
Balance Receivable at the year end-Share Application Money	LHPVPL 622.30	TPPL 327.84	-	-	MPPL 1,119.53	LHHPL 545.01	OTHERS 40.46	-	
	LVTTPPL 587.32	PPPL 299.65	-	-	OTHERS 1,461.67	LBPL 760.10	-	-	
	MPPL 2,805.68	APPL 327.84	-	-	-	OTHERS 1,252.73	-	-	
	OTHERS 986.30	BePPL 327.84	-	-	-	-	-	-	
	-	BiPPL 327.84	-	-	-	-	-	-	
Balance Receivable at the year end-Inter Corporate Deposits	-	OTHERS 88.62	-	-	-	-	-	-	
	7,926.60	3,529.13	0.30	-	5,286.90	3,567.84	745.66	-	
	-	LBPL 1,210.00	-	-	-	-	-	-	
	-	1,210.00	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Balance Receivable at the year end-Loans	LEnPL 407.88	LBPL 310.57	LHPPL 0.04	-	-	-	-	-	
	LGPPL 49.25	-	-	-	-	-	-	-	
	OTHERS 0.12	-	-	-	-	-	-	-	
	457.25	310.57	0.04	-	-	-	-	-	
	LAPL 1,485.34	LANPL 2,103.11	LBTPL 3.46	-	LKPPL 1,070.37	UPCL 3,353.12	SVC 18.92	-	
Balance Receivable at the year end-Others (Debtors and Other Advances)	LEPL 395.98	UPCL 8,787.95	OTHERS 16.27	-	LHTPPL 292.12	LANPL 1,633.15	OTHERS 9.11	-	
	LEnPL 888.36	OTHERS 843.16	-	-	LHEPL 270.49	OTHERS 445.01	-	-	
	LKPPL 1,536.65	-	-	-	OTHERS 655.71	-	-	-	
	LVTTPPL 327.59	-	-	-	-	-	-	-	
	LGPPL 556.52	-	-	-	-	-	-	-	
Balance Receivable at the year end-Inter Corporate Deposits	OTHERS 493.21	-	-	-	-	-	-	-	
	5,683.65	11,734.22	19.73	-	2,288.69	5,431.28	28.03	-	

## 56 Summary of transactions with related parties (Contd.) :

Nature of Transaction	2010				2009			
	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives
Balance Payable at the year end-Inter Corporate Deposits	LHTPPL (250.00)	UPCL (2,000.00)	-	-	-	-	-	-
	(250.00)	(2,000.00)	-	-	-	-	-	-
Balance Payable at the year end-Loans	LKPPL (200.00)	-	-	-	LKPPL (200.00)	-	-	-
	(200.00)	-	-	-	(200.00)	-	-	-
Balance Payable at the year end-Others	LEPL (3,936.28)	LAnPL (2,940.87)	-	-	LEPL (4,989.81)	LAnPL (2,897.11)	-	-
	LHTPPL (2,474.81)	LBPL (2,451.77)	-	-	LKPPL (841.33)	UPCL (2,017.75)	-	-
	LHEPL (583.08)	LDHPL (361.27)	-	-	LHTPPL (623.53)	LDHPL (677.96)	-	-
	LKPPL (2,048.07)	LHHPL (246.37)	-	-	OTHERS (383.37)	OTHERS (427.82)	-	-
	LVTPL (510.00)	UPCL (474.48)	-	-	-	-	-	-
	OTHERS (300.72)	LR (4.21)	-	-	-	-	-	-
	(9,852.96)	(6,478.97)	-	-	(6,838.04)	(6,020.64)	-	-

a) The Company has provided securities by way of pledge of investments for loans taken by certain group entities.

b) Transactions and outstanding balances in the nature of reimbursement of expenditure incurred by one Company on behalf of the other have not been considered above.

**19. Employee Stock Option Scheme:**

(Note No. 22 of Schedule 18 (II) of Financial Statements)

The Company has thus far allotted 11,118,096 equity shares of Rs. 10 each to LCL Foundation (ESOP - Trust) towards the Employee Stock option plan 2006 (The Plan) which was formulated by the Company. The plan provides for grant of stock options of equity shares of the Company to employees of the Company and its subsidiaries subject to continued employment with the Company or Group. Each option comprises of one equity share which will vest on annual basis at 20% each over five years and shall be capable of being exercised within a period of six years from the date of first annual vesting.

Each option granted under the above plans entitles the holder to one equity share of the company at an exercise price, which is approved by the compensation committee.

The Plan is in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999.

Consequent to the splitting of Equity Share of Rs.10 each into 10 equity shares of Re.1 each, the number of shares allotted to the trust and the options granted, forfeited, exercised are disclosed at Re.1 each.

A summary of the status of the Company's plan is given below:

Particulars	31.3.2010		31.3.2009	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	75,831,150	0.243	57,103,150	0.243
Granted during the year	9,242,090	0.243	23,097,600	0.243
Forfeited during the year	13,008,450	-	2,635,890	-
Exercised during the year	18,724,370	0.243	1,733,710	0.243
Expired during the year	-	-	-	-
Outstanding at the end of the year	53,340,420	0.243	75,831,150	0.243
Exercisable at the end of the year	5,173,210	-	10,323,970	-

The Company has calculated the compensation cost based on the intrinsic value method i.e. the excess of previous closing price of underlying equity shares on the date of the grant of options over the exercise price of the options given to employees under the employee stock option schemes of the Company is recognised as deferred stock compensation cost and is amortised on a straight line basis over the vesting period of the options. Had the Company applied the fair value (as per Black Scholes Method) for determining compensation cost, the impact on net income and earnings per share is provided below:

Particulars	Rs. Millions	
	Year Ended 31 March 10	Year Ended 31 March 09
Net Income - As reported	4863.82	2648.68
Add: ESOP Cost under Intrinsic Value Method	378.22	44.20
	5242.04	2692.88
Less : ESOP Cost under Fair Value Method (Black Scholes)	380.50	44.50
Net Income – Proforma	4861.54	2648.38
Earnings per Share:		
Basic - As reported	2.17	1.25
- Proforma	2.17	1.25
Diluted - As reported	2.14	1.24
- Proforma	2.14	1.24

Assumptions:

The fair value of each share is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Dividend Yield %	Nil
Expected Term	7 Years
Risk Free Interest Rate	8%
Volatility	30%

Volatility was arrived at considering a similar Company's Market Price variation.



## 20. Deferred Tax Liability (Net)

(Note No. 23 of Schedule 18 (II) of Financial Statements)

Rs. Millions

Particulars	2010	2009
<b>Deferred Tax Liability</b>		
On Depreciation	156.39	234.33
<b>Deferred Tax Asset</b>		
On Gratuity and Leave encashment	(102.53)	(56.20)
<b>Deferred Tax (Asset) / Liability - Net</b>	<b>53.86</b>	<b>178.13</b>

## 21. Key Ratios:

Sr. No.	Particulars	2009-10	2008-09
a)	Total Income/Total Assets	0.64	0.69
b)	Net Profit before interest and tax/ Capital Employed	0.29	0.25
c)	Return on Net worth %	15.39	14.23
d)	Net Profit/Total Income %	8.11	6.46

## 22. Particulars of traded goods

(Note No. 28 of Schedule 18 (II) of Financial Statements)

Rs. Millions

	Opening Stock		Purchases		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Steel (Nos)	-	-	-	-	-	-	-	-
Aggregate (MT)	-	-	5.20	2.21	5.20	2.21	-	-
Cement (Bags)	-	-	150	0.02	150	0.02	-	-
Consumable Items	-	8.64	-	18.36	-	20.87	-	6.13

The above information does not include supplies made under Engineering, Procurement and Commissioning (EPC) contracts.

## 23. (Note No. 29 of Schedule 18 (II) of Financial Statements)

Amounts due from Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 included under Sundry Debtors in Schedule 8:

Rs. Millions

Sr. No.	Sundry Debtors Name	Amount Outstanding as at	
		31.03.2010	31.03.2009
1	Aban Power Company Limited	1.35	0.87
2	Lanco Amarkantak Power Limited	1473.09	212.42
3	Lanco Anpara Power Limited	2097.06	1623.01
4	Lanco Babandh Power Limited	328.06	11.01
5	Lanco Devihalli Highway Private Limited	265.78	110.99
6	Lanco Energy Private Limited	395.70	333.23
7	Lanco Foundation	0.02	-
8	Lanco Green Power Private Limited	555.99	204.72
9	Lanco Hills Technology Park Private Limited	211.29	286.71
10	Lanco Horizon Properties Private Limited	0.36	0.14
11	Lanco Hoskote Highways Private Limited	188.35	284.76
12	Lanco Hydro Energies Private Limited	73.46	276.33
13	Lanco Kondapalli Power Private Limited	1499.17	1035.00
14	Lanco Power Trading Limited	2.16	-
15	Lanco Rani Joint Venture	64.00	51.16
16	Lanco Solar Power Limited	1.20	-

Sr. No.	Sundry Debtors Name	Amount Outstanding as at	
		31.03.2010	31.03.2009
17	Lanco Vidarbha Thermal Power Private Limited	327.59	-
18	Lanco Wind Power Private Limited	1.05	-
19	Udupi Power Corporation Limited	8787.95	-
20	Vamshi Hydro Energies Private Limited	47.54	146.12
21	Vamshi Industrial Power Limited	102.24	131.48
	<b>Total</b>	<b>16,423.41</b>	<b>4,707.95</b>

**24.** (Note No.30 of Schedule 18 (II) of Financial Statements)

Amounts due from Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 included under Loans and Advances in Schedule 11:

(Rs. Millions)

Sr. No.	Loans & Advances Name	Amount Outstanding as at	
		31.03.2010	31.03.2009
1	Aban Power Company Limited	31.48	32.04
2	Ananke Properties Private Limited	327.84	117.09
3	Belinda Properties Private Limited	327.84	117.09
4	Bianca Properties Private Limited	327.84	117.09
5	Caliban Trading Private Limited	-	0.01
6	Callisto Trading Private Limited	0.01	0.01
7	Charon Trading Private Limited	70.89	70.89
8	Chatari Hydro Power Private Limited	0.30	0.30
9	Telesto Properties Private Limited	0.45	0.45
10	Dione Properties Private Limited	32.70	32.50
11	Coredila Properties Private Limited	0.45	0.45
12	Portia Properties Private Limited	299.65	290.65
13	Genting Lanco Power (India) Private Limited	-	0.01
14	Himachal Hydro Electric Private Limited	1.20	1.20
15	Lanco Rani Joint Venture	4.09	4.09
16	Lanfin Venture Private Limited	2.00	-
17	Lanco Amarkantak Power Limited	12.24	294.82
18	Lanco Anpara Power Limited	8.55	119.74
19	Lanco Babandh Power Limited	3263.81	678.47
20	Lanco Bay Technology Park Private Limited	3.46	3.46
21	Lanco Devihalli Highway Private Limited	0.01	885.48
22	Lanco Energy Private Limited	2042.08	1830.27
23	Lanco Green Power Private Limited	177.48	418.13
24	Lanco Hills Technology Park Private Limited	66.19	10.54
25	Lanco Horizon Properties Private Limited	0.04	705.20
26	Lanco Hoskote Highways Private Limited	0.88	560.07
27	Lanco Hydro Energies Private Limited	110.18	89.67
28	Lanco Hydro Power Venture Private Limited	622.30	74.60
29	Lanco Infratech (Mauritius) Limited	-	40.16
30	Lanco Kondapalli Power Private Limited	37.48	35.78
31	Lanco Power Trading Limited	3.96	4.08
32	Lanco Solar Power Limited	308.72	113.66
33	Lanco Transport Network Company Private Limited	0.01	0.01
34	Lanco Vidarbha Thermal Power Private Limited	587.32	2.32
35	Lanco Wind Power Private Limited	275.12	248.81

Sr. No.	Loans & Advances Name	Amount Outstanding as at	
		31.03.2010	31.03.2009
36	Lanco Enterprise PTE Limited	1296.24	-
37	Mercury Projects Private Limited	2805.68	1119.53
38	Mimas Trading Private Limited	13.26	13.26
39	Neptune Projects Private Limited	9.86	9.86
40	Pearl Farms Private Limited	0.10	0.10
41	Phoebe Trading Private Limited	0.01	0.01
42	Ravi Hydro Electric Private Limited	3.40	3.40
43	Deimos Properties Private Limited	12.65	12.65
44	Tethys Properties Private Limited	327.84	117.09
45	Uranus Properties Private Limited	0.01	0.01
46	Udupi Power Corporation Limited	-	0.66
47	Uranus Projects Private Limited	-	-
48	Vainateya Power Private Limited	0.31	0.31
49	Vamshi Hydro Energies Private Limited	1.76	1.76
50	Vamshi Industrial Power Limited	1.87	1.87
	<b>Total</b>	<b>13,419.56</b>	<b>8,179.65</b>

**25.** (Note No.32 of Schedule 18 (II) of Financial Statements)

Previous year figures have been re-grouped and reclassified, wherever necessary, to conform to those of the current year.

Compiled from the Audited Financial Statements of the  
Company referred to in our Report dated June 11, 2010

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

**For Brahmayya & Co**  
Firm Reg. No. 000511S  
Chartered Accountants

**G. Venkatesh Babu**  
Managing Director

**Dr. P. Kotaiah**  
Director

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**T. Adi Babu**  
Director-Finance

**C. Krishnakumar**  
Sr. Vice President &  
Company Secretary

Place: Gurgaon  
Date: June 11, 2010

# Schedules annexed to and forming part of the Financial Statements

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No. 

		0	1	-	1	5	5	4	5
--	--	---	---	---	---	---	---	---	---

State Code 

								0	1
--	--	--	--	--	--	--	--	---	---

Balance Sheet Date 

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

## II. Capital raised during Year (Rs. In Thousand)

Public Issue 

							N	I	L
--	--	--	--	--	--	--	---	---	---

Rights Issue 

							N	I	L
--	--	--	--	--	--	--	---	---	---

Bonus Issue 

							N	I	L
--	--	--	--	--	--	--	---	---	---

Private Placement\* 

				1	8	4	1	8	6
--	--	--	--	---	---	---	---	---	---

(\*Qualified Institutions Placement)

## III. Position of Mobilisation and Deployment of Funds (Rs. In Thousand)

Total Liabilities 

		5	8	9	9	7	6	9	7
--	--	---	---	---	---	---	---	---	---

Total Assets 

		5	8	9	9	7	6	9	7
--	--	---	---	---	---	---	---	---	---

### SOURCES OF FUNDS

Paid up Capital 

			2	3	8	5	4	7	2
--	--	--	---	---	---	---	---	---	---

Reserves & Surplus 

		2	9	2	2	0	8	9	2
--	--	---	---	---	---	---	---	---	---

Secured Loans 

		1	8	8	9	3	3	4	5
--	--	---	---	---	---	---	---	---	---

Unsecured Loans 

			8	4	4	4	1	3	0
--	--	--	---	---	---	---	---	---	---

Deferred Tax Liability 

					5	3	8	5	8
--	--	--	--	--	---	---	---	---	---

### APPLICATION OF FUNDS

Net Fixed Assets 

			3	9	8	8	9	8	4
--	--	--	---	---	---	---	---	---	---

Capital Work In Progress 

			3	3	4	3	4	6
--	--	--	---	---	---	---	---	---

Investments 

		3	3	9	4	1	1	3	5
--	--	---	---	---	---	---	---	---	---

Net Current Assets 

		2	0	7	3	3	2	3	2
--	--	---	---	---	---	---	---	---	---

Misc. Expenditure 

									-
--	--	--	--	--	--	--	--	--	---

Accumulated Losses 

									-
--	--	--	--	--	--	--	--	--	---

## IV. Performance of the Company (Rs. In Thousand)

Turnover (Gross Revenue) 

		5	9	9	8	2	1	3	5
--	--	---	---	---	---	---	---	---	---

Total Expenditure 

		5	2	7	8	1	1	0	5
--	--	---	---	---	---	---	---	---	---

Profit before Tax 

		7	2	0	1	0	3	0
--	--	---	---	---	---	---	---	---

Profit after Tax 

		4	8	6	3	8	1	1
--	--	---	---	---	---	---	---	---

Earnings per Share (Rs.)\* 

2	.	1	7
---	---	---	---

Dividend Rate % 

									-
--	--	--	--	--	--	--	--	--	---

(\* Face Value of Equity Share of Re. 1/- each)

## V. Generic names of Principal Products/Services of Company (As per Monetary Terms)

Item Code No. (ITC Code) 

								N	A
--	--	--	--	--	--	--	--	---	---

Product Description 1) Construction &amp; Infrastructure Activity

2) Investment Activity

For and on behalf of the Board of Directors

**G. Venkatesh Babu**  
Managing Director

**Dr. P. Kotaiah**  
Director

**T. Adi Babu**  
Director-Finance

**C. Krishnakumar**  
Sr. Vice President &  
Company Secretary
Place: Gurgaon  
Date: June 11, 2010

# CONSOLIDATED FINANCIAL STATEMENTS

# Auditor's Report on the Consolidated Financial Statements of Lanco Infratech Limited

To  
The Board of Directors  
**Lanco Infratech Limited**

1. We have audited the attached Consolidated Balance Sheet of Lanco Infratech Limited (the "Company") and its subsidiaries and associate companies; hereinafter referred to as the "Group" (refer Note 2 on Schedule 19 to the attached consolidated financial statements) as at March 31, 2010, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Brahmayya & Co. and Price Waterhouse did not each audit the financial statements of each of the component entities that comprise the Group and that are included in its consolidated financial statements. In this regard
  - i) Brahmayya & Co. did not audit the financial statements and other financial information of 4 subsidiaries included in these consolidated financial statements, whose financial statements reflect total assets of Rs.74,393.12 million and net assets of Rs.14,351.75 million as at March 31, 2010, total revenue of Rs.16,342.38 million (including other income), net profit of Rs.2,562.55 million and net cash outflows amounting to Rs.3,893.30 million for the year then ended (after adjustments on consolidation) that have been audited by Price Waterhouse on whose reports Brahmayya & Co. has placed reliance for the purpose of this report. Further, Brahmayya & Co. did not audit the financial statements and other financial information of 1 associate considered in the consolidated financial statements, whose financial statements reflect the Group's share of profits of Rs.7.00 million for the year ended on March 31, 2010 (after adjustments on consolidation) that have been audited by Price Waterhouse on whose reports Brahmayya & Co. has placed reliance for the purpose of this report.
  - ii) Brahmayya & Co. and Price Waterhouse did not audit the financial statements and other financial information of 29 subsidiaries included in the consolidated financial statements, whose financial statements together comprise, total assets of Rs.23,261.21 million and net assets of Rs.8,329.11 million as at March 31, 2010, total revenue (including other income) of Rs.19,584.21 million, net loss of Rs.16.34 million and net cash inflows amounting to Rs.828.71 million for the year then ended (after adjustments on consolidation). Further, Brahmayya & Co. and Price Waterhouse did not audit the financial statements and other financial information of 13 associates considered in the consolidated financial statements, whose financial statements reflect the Group's share of loss of Rs.184.97 million for the year ended on March 31, 2010. The financial statements and other financial information for these subsidiaries and associates have been audited by other auditors whose reports have been furnished to us, and our audit opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## For Price Waterhouse

Firm Registration Number 007568S  
Chartered Accountants

## Avijit Mukerji

Partner  
Membership Number F 56155  
Place: Gurgaon  
Date: June 11, 2010

## For Brahmayya & Co.

Firm Registration Number 000511S  
Chartered Accountants

## N. Sri Krishna

Partner  
Membership Number 26575  
Place: Gurgaon  
Date: June 11, 2010



## Consolidated Balance Sheet as at March 31, 2010

(Rs. Millions)

	Schedule Reference	2010	2009
<b>I. Sources of Funds</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	2,385.47	2,198.34
(b) ESOP Outstanding	1A	746.01	207.46
(c) Reserves and Surplus	2	30,316.25	18,570.39
		33,447.73	20,976.19
<b>2. Minority Interest</b>		7,108.19	7,032.83
<b>3. Loan Funds</b>			
(a) Secured Loans	3	75,619.08	52,472.70
(b) Unsecured Loans	4	7,994.69	3,497.04
<b>4. Deferred Tax Liability (Net)</b>		1,003.03	174.81
		<b>125,172.72</b>	<b>84,153.57</b>
<b>II. Application of Funds</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	5	61,643.90	23,867.07
(b) Less: Depreciation		10,866.60	7,615.33
(c) Net Block		50,777.30	16,251.74
(d) Capital Work-in-Progress (including Capital Advances)		13,280.88	29,093.54
(e) Expenditure during construction period, pending allocation (Net)	6	5,956.41	8,793.25
		70,014.59	54,138.53
<b>2. Investments</b>	7	20,228.92	9,836.86
<b>3. Current Assets, Loans and Advances</b>			
(a) Inventories	8	16,267.08	13,222.94
(b) Sundry Debtors	9	22,269.97	11,943.45
(c) Cash and Bank Balances	10	9,627.71	9,904.53
(d) Other Current Assets	11	74.29	52.82
(e) Loans and Advances	12	21,800.29	16,385.72
		70,039.34	51,509.46
<b>Less: Current Liabilities and Provisions</b>	13		
(a) Liabilities		34,115.10	30,791.60
(b) Provisions		995.03	539.68
		35,110.13	31,331.28
<b>Net Current Assets</b>		34,929.21	20,178.18
		<b>125,172.72</b>	<b>84,153.57</b>
Significant Accounting Policies and Notes to Consolidated Accounts	19		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.  
This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

**For Brahmayya & Co**  
Firm Reg. No. 000511S  
Chartered Accountants

**Dr. P. Kotaiah**  
Director

**G. Venkatesh Babu**  
Managing Director

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**C. Krishna Kumar**  
Sr. Vice President &  
Company Secretary

**T. Adi Babu**  
Director Finance

Place: Gurgaon  
Date: June 11, 2010

## Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs. Millions)

	Schedule Reference	2010	2009
<b>I. INCOME</b>			
Sales and Operating Income	14	81,075.56	60,709.59
Less: Elimination of Unrealised Profit on Transactions with Associate Companies		755.31	647.59
		80,320.25	60,062.00
Other Income	15	1,839.44	552.45
		<b>82,159.69</b>	<b>60,614.45</b>
<b>II. EXPENDITURE</b>			
Construction, Generation and Operating expenses	16	61,493.77	49,075.83
Administrative and Other Expenses	17	4,311.48	2,750.21
Interest and Finance Charges	18	3,554.11	2,184.90
Depreciation		3,478.80	1,073.39
		<b>72,838.16</b>	<b>55,084.33</b>
<b>III. Profit before Taxation, Minority Interest and Share of Profits of Associates</b>		<b>9,321.53</b>	<b>5,530.12</b>
Provision for Taxation			
– Current Tax		3,262.24	1,651.46
– Relating to Previous Years		151.97	16.76
– Minimum Alternate Tax Credit Entitlement		(603.72)	-
– Fringe Benefit Tax [including Rs. 4.12 Million (2009: Nil) relating to previous year]		4.12	20.49
– Deferred Tax		828.22	1.69
		<b>5,678.70</b>	<b>3,839.72</b>
<b>IV. Net Profit after Taxation, before Minority Interest and Share of Profits of Associates</b>		<b>5,678.70</b>	<b>3,839.72</b>
Less: Share of Minority Interest		915.24	1,040.83
Add: Share of Profit/(Loss) of Associates		(177.97)	4.68
		<b>4,585.49</b>	<b>2,803.57</b>
<b>V. Net Profit after Taxation, Minority Interest and Share of Profits of Associates</b>		<b>4,585.49</b>	<b>2,803.57</b>
Balance of Profit brought forward		7,795.53	5,297.87
Less: Exchange Fluctuation Gain netted in Fixed Assets relating to earlier years		-	183.90
		<b>12,381.02</b>	<b>7,917.54</b>
<b>VI. Profit Available for Appropriation</b>		<b>12,381.02</b>	<b>7,917.54</b>
Transfer (from)/to Debenture Redemption Reserve		(24.23)	(17.99)
Transferred to General Reserve		190.00	140.00
		<b>12,215.25</b>	<b>7,795.53</b>
<b>VII. Balance Carried to Consolidated Balance Sheet</b>		<b>12,215.25</b>	<b>7,795.53</b>
Earnings Per Share - Equity Share of Re.1/- each fully paid			
<b>Basic (Rs.)</b>		2.05	1.33
<b>Diluted (Rs.)</b>		2.02	1.31
Significant Accounting Policies and Notes to Consolidated Accounts	19		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

**For Brahmayya & Co**  
Firm Reg. No. 000511S  
Chartered Accountants

**Dr. P. Kotaiah**  
Director

**G. Venkatesh Babu**  
Managing Director

**Avijit Mukerji**  
Partner  
M. No. F56155

**N. Sri Krishna**  
Partner  
M. No. 26575

**C. Krishna Kumar**  
Sr. Vice President &  
Company Secretary

**T. Adi Babu**  
Director Finance

Place: Gurgaon  
Date: June 11, 2010

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
5,000,000,000 (Previous Year - 250,000,000 of Rs.10/- each) Equity Shares of Re.1/- each	5,000.00	2,500.00
<b>Issued, Subscribed and Paid Up</b>		
2,407,804,920 Equity Shares (Previous Year - 222,361,905 shares of Rs. 10/- each) of Re.1/- each fully paid up	2,407.80	2,223.62
(Out of the above, 158,124,443 Equity shares of Rs.10/- each were allotted as fully paid up bonus shares by way of capitalisation of Securities Premium)		
Less: Amount recoverable from LCL - Foundation Employee Stock Option Plan (ESOP) Trust	22.33	25.28
	<b>2,385.47</b>	<b>2,198.34</b>
<b>Schedule 1A</b>		
ESOP Outstanding	1,476.58	546.78
Less: ESOP Suspense Account	730.57	339.32
	<b>746.01</b>	<b>207.46</b>
<b>Schedule 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
As at the commencement of the year	10,306.74	10,323.54
Add : Received during the year	7,089.31	4.04
Add : Premium on account of ESOPs exercised	454.88	9.12
Less : Adjustment on reclassification relating to previous year	8.73	-
Less : Share Issue Expenses [Includes Rs. 5.64 (Previous Year - Nil) Millions paid to Auditors]	142.45	29.96
Balance as at the end of the year	17,699.75	10,306.74
<b>General Reserve</b>		
As at the commencement of the year	400.99	260.99
Transferred from Profit and Loss Account	190.00	140.00
	590.99	400.99
<b>Capital Reserve</b>	42.90	42.90
<b>Debenture Redemption Reserve</b>		
As at the Commencement of the year	24.23	42.22
Transferred to Profit and Loss Account	(24.23)	(17.99)
	-	24.23
<b>Foreign Currency Translation Reserve</b>	1.59	-
<b>Profit and Loss Account</b>		
Balance in Consolidated Profit and Loss Account	12,215.25	7,795.53
Less : Reserves adjustment on sale of subsidiaries	197.48	-
Less : Transfer to capital profits on step acquisition	36.75	-
Closing Balance of Consolidated Profit and Loss Account	11,981.02	7,795.53
	<b>30,316.25</b>	<b>18,570.39</b>

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 3</b>		
<b>SECURED LOANS*</b>		
<b>Debentures</b>		
3,750,000 Secured Redeemable Non-Convertible Debentures of Rs.100/- each	–	55.14
35 Secured Redeemable Non-Convertible Debentures of Rs.10,000,000/- each	–	41.76
<b>Term Loans</b>		
<b>Rupee Loans</b>		
From Financial Institutions	26,355.51	15,996.20
From Banks	33,560.12	19,468.10
From Others	–	1.06
<b>Foreign Currency Loans</b>		
From Financial Institutions	512.35	831.76
From Banks	7,524.98	8,686.27
<b>Hypothecation Loans</b>	711.64	861.62
<b>Cash Credits and Working Capital Demand Loan from Banks</b>	6,954.48	6,530.79
*Refer Note 4(vi) of Schedule 19		
	<b>75,619.08</b>	<b>52,472.70</b>
<b>Schedule 4</b>		
<b>UNSECURED LOANS</b>		
<b>Other than Short term Rupee Loans</b>		
From Banks	2,499.15	3,497.04
<b>Short term Rupee Loans</b>		
From Banks	3,494.98	–
From Others	2,000.56	–
	<b>7,994.69</b>	<b>3,497.04</b>

## Schedules forming part of the Consolidated Balance Sheet

### Schedule 5 FIXED ASSETS

Description	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	As at April 01, 2009	Additions	Additions on Inclusion of Subsidiaries	Deletions on sale of Subsidiaries	With-drawals	As at March 31, 2010	For the Period	On account of inclusion of Subsidiaries	On account of deletions on sale of Subsidiaries	On With-drawals	As at March 31, 2010	As at March 31, 2009
Goodwill on Consolidation	410.59	545.81	0.70	4.63	-	952.47	-	-	-	-	952.47	410.59
Leasehold Land	293.88	465.73	-	-	72.96	686.65	6.00	-	-	-	675.30	288.53
Freehold Land	1,819.22	108.83	294.70	29.59	-	2,193.16	-	-	-	-	2,193.16	1,819.22
Buildings	2,299.21	4,098.00	6.91	50.27	3.68	6,350.17	290.41	0.39	9.30	-	5,644.60	1,875.14
Plant and Machinery	18,023.49	33,141.64	-	700.16	192.68	50,272.29	3,108.49	-	244.22	0.08	40,370.76	10,986.15
Office Equipment	310.02	67.69	0.87	2.56	7.14	368.88	43.97	0.03	0.74	2.12	277.97	260.25
Furniture and Fittings*	391.62	102.90	2.34	1.19	7.51	488.16	37.34	0.06	0.48	1.64	407.85	346.59
Vehicles	319.04	90.17	-	2.38	74.71	332.12	36.48	-	0.86	12.46	255.19	265.27
<b>Total</b>	<b>23,867.07</b>	<b>38,620.77</b>	<b>305.52</b>	<b>790.78</b>	<b>358.68</b>	<b>61,643.90</b>	<b>3,522.69</b>	<b>0.48</b>	<b>255.60</b>	<b>16.30</b>	<b>50,777.30</b>	<b>16,251.74</b>
Previous Year	<b>20,457.44</b>	<b>3,468.94</b>	<b>0.77</b>	<b>-</b>	<b>60.08</b>	<b>23,867.07</b>	<b>1,094.99</b>	<b>0.24</b>	<b>-</b>	<b>14.04</b>	<b>16,251.74</b>	<b>13,923.30</b>
<b>Capital Work-in-Progress (including Capital Advances - Unsecured Considered Good)</b>												<b>29,093.54</b>

#### Notes:

- Goodwill represents excess of consideration paid over net assets on acquisition of subsidiaries after netting off capital reserve of Rs. 47.75 Millions.
- Includes Exchange Fluctuation of Rs. 257.75 (including Rs. 179.72 Millions deduction in Current Year) Millions upto March 31, 2010.
- Depreciation for the period includes Rs. 43.89 (Previous Year - Rs. 21.60) Millions relating to certain consolidated entities in the project stage which is included in Schedule 6.  
\* Includes Leasehold Improvements of Rs. 101.50 (Previous Year - Rs. 35.18) Millions.

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at and Up to March, 2010	As at and Up to March, 2009
<b>Schedule 6</b>		
<b>EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION (NET)</b>		
Salaries, allowances and benefits to employees	1,209.35	838.54
Contribution to provident fund and other funds	35.07	24.93
Staff welfare expenses	30.11	22.98
Rent	80.96	48.55
Repairs and maintenance - Others	36.90	21.11
Rates and taxes	85.16	55.33
Insurance	295.54	161.30
Consultancy and other professional charges	1,235.31	721.25
Director's sitting fees	0.29	0.23
Remuneration to auditors	4.59	3.15
Travelling and conveyance	260.54	202.42
Communication expenses	31.84	24.75
Electricity, water and fuel charges	11.87	9.28
Bank and other finance charges	362.97	306.09
Interest on fixed loans	9,000.12	5,279.84
[Including Rs. 483.20 (Previous Year - Rs. 778.36) Millions transferred from Schedule - 18]		
Project allotment expenses	296.74	210.56
Depreciation	83.54	39.65
Loss on foreign exchange fluctuation	324.08	985.80
Loss on sale of assets	4.81	1.00
Socio economic development expenses	115.26	29.08
Income tax and fringe benefit tax	40.16	36.43
<b>Trial Run Cost :</b>		
Fuel consumed	1,593.21	—
Consumables, stores and spares	5.14	—
Operations and maintenance staff salaries	82.31	—
Operators training	23.83	—
Start up power	151.65	—
Water charges	23.68	—
Transmission charges	171.50	—
Operations and maintenance expenses	27.70	—
Operations repairs and maintenance	16.62	—
Insurance	11.01	—
Interest on working capital loans	12.81	—
Finance charges	6.52	—
Miscellaneous expenses	245.89	95.17
	<b>15,917.08</b>	<b>9,117.44</b>
<b>Less: Other Income</b>		
Sale of Infirm power	4,121.52	—
Dividend from Mutual funds	322.14	161.58
Miscellaneous income	18.24	1.66
Interest received (Gross) on deposits and others	161.49	72.03
[Tax deducted at source - Rs. 13.00 (Previous Year - Rs. 13.79) Millions]		
	<b>11,293.69</b>	<b>8,882.17</b>
Less: Expenditure apportioned over cost of fixed assets	7,070.96	88.92
Less: (Credited)/Charged to Profit and Loss Account	(1,733.68)	—
Balance Carried over to Balance Sheet	<b>5,956.41</b>	<b>8,793.25</b>



## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 7</b>		
<b>INVESTMENTS</b>		
<b>Long Term (Unquoted)</b>		
<b>In Equity Shares of Associate Companies</b>		
(At cost plus share of profits/losses based on equity accounting)		
Genting Lanco Power India Private Limited [486,702 (Previous year-486,702) Equity Shares of Rs.10 each fully paid up]	46.72	39.72
Udupi Power Corporation Limited [22,500,000 (Previous year-22,500,000) Equity Shares of Rs.10 each fully paid up]	–	–
Lanco Anpara Power Private Limited [3,40,000 (Previous year-3,40,000) Equity Shares of Rs.10 each fully paid]	–	–
Lanco Hoskote Highways Private Limited [50,282,600 (Previous year-26,002,600) Equity Shares of Rs.10 each fully paid up]	442.70	235.21
Lanco Devihalli Highways Private Limited [45,912,600 (Previous year-10,402,600) Equity Shares of Rs.10 each fully paid up]	419.63	91.23
Lanco Babandh Power Private Limited [13,000 (Previous year-2,600) Equity Shares of Rs.10 each fully paid up]	–	0.03
Portia Properties Private Limited [340,000 (Previous year-340,000) Equity Shares of Rs.10 each fully paid up]	3.39	3.40
Charan Trading Private Limited [340,000 (Previous year-340,000) Equity Shares of Rs.10 each fully paid up]	3.39	3.40
Mimas Trading Private Limited [500,000 (Previous year- 500,000) Equity Shares of Rs.10 each fully paid up]	4.99	5.00
Phoebe Trading Private Limited [340,000 (Previous year-340,000) Equity Shares of Rs.10 each fully paid up]	3.39	3.40
Bianca Properties Private Limited [1,041,200 (Previous year- 1,041,200) Equity Shares of Rs.10 each fully paid up]	10.41	10.41
Belinda Properties Private Limited [1,041,200 (Previous year-1,041,200) Equity Shares of Rs.10 each fully paid up]	10.41	10.41
Ananke Properties Private Limited [1,041,200 (Previous year-1,041,200) Equity Shares of Rs.10 each fully paid up]	10.41	10.41
Tethys Properties Private Limited [1,041,200 (Previous year-1,041,200) Equity Shares of Rs.10 each fully paid up]	10.41	10.41
JH Power Project Private Limited [50,000 (Previous year - 50,000) Equity Shares of Rs.10 each fully paid up including Rs.6.125 Millions of Goodwill arising on acquisition of associates]	6.63	6.63
	<b>972.48</b>	<b>429.66</b>
<b>In Equity Shares of Other Companies</b>		
Indian Energy Exchange [1,250,000 (Previous year-1,250,000) shares of Rs.10 each]	12.50	12.50
	<b>12.50</b>	<b>12.50</b>

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 7 : INVESTMENTS (Continued)</b>		
<b>In Preference Shares of Associate Companies</b>		
Udupi Power Corporation Limited <sup>5</sup> [592,152,448 (Previous year-445,502,448 ) 1% Cumulative Compulsorily Convertible Preference Shares of Rs.10 each fully paid up]	5,251.74	4,455.02
Lanco Anpara Power Private Limited <sup>5</sup> [595,960,000 (Previous year-330,000,000) 1% Cumulative Compulsorily Convertible Preference Shares of Rs.10 each fully paid up]	5,349.71	3,180.95
Portia Properties Private Limited <sup>5</sup> [2,000,000 (Previous year-2,000,000) 1% Cumulative Compulsorily Convertible Preference Shares of Rs.10 each fully paid up]	20.00	20.00
<sup>5</sup> These preference shares are fully convertible into equity shares at face value on respective dates as per the terms of issue of preference shares		
	<b>10,621.45</b>	<b>7,655.97</b>
<b>In Preference Shares of Other Companies</b>		
Clarion Power Corporation Limited [2,500,000 (Previous year-Nil) 6% Optionally Convertible Redeemable Cumulative Preference Shares of Re.1 each fully paid up]	2.50	–
Rithwik Energy Systems Limited [1,500,000 (Previous year-Nil) 6% Optionally Convertible Redeemable Cumulative Preference Shares of Re.1 each fully paid up]	1.50	–
Lanco Horizon Properties Private Limited [72,044,200 (Previous year-Nil) 0.01% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up]	720.44	–
	<b>724.44</b>	<b>–</b>
<b>Current-Other than trade (Unquoted)</b>		
<b>In Mutual Funds Schemes (at lower of cost and fair value)**</b>		
Birla Sunlife Savings Fund-Institutional-Daily Dividend Reinvestment Fund [19,999,254.113 (Previous year-Nil) units of Rs.10.01 per unit]	200.13	–
Can Robeco Treasury Advantage Fund -Super Institutional-Daily Dividend [20,170,945.1773 (Previous year-Nil) Units of Rs. 12.4071 each]	250.26	–
DWS Mutual Fund [Nil (Previous year-25,000,000) units of Rs.10 each]	–	250.00
HDFC Cash Management Fund-Treasury Advantage Plan-Growth [5,070,802.153 (Previous year-Nil) units of Rs. 19.928 per unit ]	101.05	–
HDFC Cash Management Fund-Treasury Advantage-Daily Dividend Reinvestment [7,863,327.028 (Previous year-Nil) units of Rs.10.0315 each]	78.88	–
ICICI Prudential Fund [1,763,777.925 (Previous year-Nil) units of Rs.105.7350 per unit]	186.49	–
ICICI Prudential-FMP Growth [Nil (Previous year-25,000,000) units of Rs.10 each]	–	250.00
ICICI Prudential Ultra Short term plan Super Premium -Growth [242,011,925 (Previous year-Nil) units of Rs.10.3311 per unit]	2,500.25	–
ICICI Prudential Ultra Short term plan Super Premium -Daily Dividend [199,611,435 (Previous year-Nil) units of Rs.10.02 per unit]	2,000.31	–
IDFC Money Manager Fund-TP-Super Institutional Plan C-Daily Dividend [19,999,080 (Previous Year-Nil) units of Rs.10.00 per unit]	200.02	–

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 7 : INVESTMENTS</b> (Continued)		
JM Money Manager Fund-Super Plus Plan -Daily Dividend [50,396,991.095 (Previous year-Nil) units of Rs.10.0053 per unit]	503.84	–
Kotak Floater Long Term -Daily Dividend [34,744,188.047 (Previous year-Nil) units of Rs.10.0798 per unit]	350.21	–
Religare Ultra Short Term Fund -Institutional-Daily Dividend [24,963,580 (Previous year-Nil) units of Rs.10.02 per unit]	250.03	–
SBI SHF Ultra Short Term Fund-Institutional Plan-Daily Dividend [34,982,792 (Previous year-Nil) units of Rs.10.01 per unit]	350.04	–
Tata Mutual Fund-Periodic Dividend [Nil (Previous year-50,000,000) Units of Rs.10 each]	–	500.00
Tata Liquid Super High Inv Fund-Appreciation [41,216.669 (Previous year-Nil) units of Rs.1,698.342 per unit]	70.00	–
Tata Floater Fund-Daily Dividend [17,340,566.817 (Previous year-Nil) units of Rs.10.0356 each]	174.02	–
Tata Floater Fund-Growth [14,552,137.48 (Previous year-Nil) units of Rs.13.615 per unit]	198.13	–
Templeton Mutual Fund-Growth [Nil (Previous year-50,000,000) units of Rs.10 each]	–	500.00
UTI Treasury Advantage Fund -Institutional Plan-Daily Dividend Option [150,081.746 (Previous year-Nil) units of Rs.1000.22 per unit]	150.11	–
UTI Treasury Advantage Fund-Institutional Plan-Growth Option [140,255.442 (Previous year-Nil) units of Rs.1226.68 per unit]	172.05	–
UTI Liquid Cash Plan Institutional-Growth [33,077.284 (Previous year-Nil) units of Rs.1,511.6114 per unit]	50.00	–
** Aggregate Repurchase price -Rs.7,791.25 (Previous year -Rs.1,544.27) Millions		
	<b>7,785.82</b>	<b>1,500.00</b>
<b>In Debentures</b>		
Central Bank of India [9.2% Debentures 10 (Previous year- 10) units of Rs.1,000,000 each]	10.00	10.00
	<b>10.00</b>	<b>10.00</b>
<b>Long Term</b>		
<b>Other than Trade (Quoted)*</b>		
Power Finance Corporation Limited [2,443 (Previous year- 2,443) Equity Shares of Rs.10 each fully paid up]	0.21	0.21
Rural Electrification Corporation Limited [48,729 (Previous year-Nil) Equity Shares of Rs.10 each fully paid up]	9.89	–
Indian Bank [6,985 (Previous year-6,985) Equity Shares of Rs.10 each fully paid up]	0.64	0.64
Andhra Bank [31,054 (Previous year-31,054) Equity Shares of Rs.10 each fully paid up]	2.11	2.11
Bank of Baroda [7,206 (Previous year-7,206) Equity Shares of Rs.10 each fully paid up]	1.66	1.66
Central Bank of India [1,524 (Previous year-1,524) Equity Shares of Rs.10 each fully paid]	0.16	0.16
Less: Provision for diminution in value of investments	–	(0.70)
	<b>14.67</b>	<b>4.08</b>

## Schedules forming part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 7 : INVESTMENTS</b> (Continued)		
<b>Share Application Money Pending Allotment-Associate Companies</b>		
Lanco Devihalli Highways Private Limited	–	137.00
Lanco Babandh Power Private Limited	87.56	87.65
	<b>87.56</b>	<b>224.65</b>
* Aggregate market value of Long Term Quoted Shares- Rs. 22.26 (Previous year - Rs. 4.08) Millions		
	<b>20,228.92</b>	<b>9,836.86</b>
<b>Schedule 8 INVENTORIES</b>		
(At lower of cost and net realisable value)		
Raw Materials	1,766.54	1,548.30
Consumables, Stores and Spares	688.85	598.62
Construction/Development work-in-progress	13,811.69	11,076.02
	<b>16,267.08</b>	<b>13,222.94</b>
<b>Schedule 9 SUNDRY DEBTORS</b>		
<b>Unsecured</b>		
Considered good		
Outstanding for more than six months	8,070.18	4,303.76
Other debts*	14,199.79	7,639.69
	<b>22,269.97</b>	<b>11,943.45</b>
Considered doubtful		
Outstanding for more than six months	42.01	14.94
Less: Provision	42.01	14.94
	<b>22,269.97</b>	<b>11,943.45</b>
* Includes unbilled revenue - Rs. 612.70 (Previous year-Rs. 1017.20) Millions		
<b>Schedule 10 CASH AND BANK BALANCES</b>		
Cash and Cheques on Hand	3.91	3.89
Balances with Scheduled Banks		
– On Current Accounts	3,311.82	1,068.50
– On Deposit Accounts	5,819.76	8,460.69
– On Margin Money Accounts*	440.31	371.45
Balances with Non-Scheduled Banks		
– On Current Accounts	51.91	–
* The Margin Money Deposits are towards Letters of Credit and Bank Guarantees given by the bankers on behalf of the company		
	<b>9,627.71</b>	<b>9,904.53</b>
<b>Schedule 11 OTHER CURRENT ASSETS</b>		
(Unsecured and Considered good)		
Interest accrued on Deposits	74.29	52.82
	<b>74.29</b>	<b>52.82</b>

## Schedules Forming Part of the Consolidated Balance Sheet

	(Rs. Millions)	
	As at March 31, 2010	As at March 31, 2009
<b>Schedule 12</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Loans to Employees	64.78	48.71
Share Application Money	5,855.79	4,827.39
Inter Corporate Deposits	1,210.00	–
Advances recoverable in cash or in kind or for value to be received		
Considered Good		
To Sub contractors and suppliers	5,823.10	7,595.61
To Others	7,540.88	3,453.55
	13,363.98	11,049.16
Considered Doubtful		
To Others	11.35	25.75
Less: Provision for Doubtful Advances	11.35	25.75
	–	–
Deposits		
Considered Good		
Government Authorities	158.94	121.94
Others	543.08	228.54
	702.02	350.48
Considered Doubtful		
Others	3.81	3.81
Less: Provision for doubtful security deposits	3.81	3.81
	–	–
Advance for Operations and Maintenance (Net of Provision)	–	109.98
Minimum Alternate Tax Credit Entitlement	603.72	–
	<b>21,800.29</b>	<b>16,385.72</b>
<b>Schedule 13</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Liabilities</b>		
Sundry Creditors		
Dues to micro and small enterprises	0.22	0.56
Dues to creditors other than micro and small enterprises	22,369.05	16,961.67
Other liabilities	1,481.73	508.13
Advance from customers	9,821.94	12,787.41
Interest accrued but not due on loans	442.16	533.83
	<b>34,115.10</b>	<b>30,791.60</b>
<b>b) Provisions</b>		
Provision for Employee Benefits	401.39	242.73
Provision for Taxation (Net of advance tax)	567.64	287.40
Provision for Fringe Benefit Tax (Net of advance tax)	–	3.37
Provision for Operations and Maintenance (Net of advances)	26.00	–
Provision for Exchange Fluctuation on Forward Contracts	–	6.18
	<b>995.03</b>	<b>539.68</b>

## Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. Millions)	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Schedule 14</b>		
<b>SALES AND OPERATING INCOME</b>		
Income from Contract Operations and Project Development	45,430.56	30,743.78
Income from Sale of Electrical Energy	36,062.61	27,475.54
Less: Prompt Payment Rebate	522.48	423.02
Less: Compensation Paid	167.88	10.02
Sale of Emission Reductions (CDM)	171.36	67.86
Income from Property Development <sup>^</sup>	(256.72)	1,574.45
Income from Management Consultancy Services	358.11	1,281.00
<sup>^</sup> [As per Accounting Policy, the revenue recognised for the year is Rs. 875.27 Million and revenue reversed on account of cancellation and price revision is Rs. 1131.99 Million]		
	<b>81,075.56</b>	<b>60,709.59</b>
<b>Schedule 15</b>		
<b>OTHER INCOME</b>		
Interest received (gross) on deposits, margin money and others	621.67	396.67
[Tax deducted at source Rs.76.56 (Previous year - Rs.80.07) Millions]		
Dividend Income/Income from Current Investments	70.97	76.48
Profit on sale of Long term Investments	146.18	–
Gain/(Loss) on Foreign Exchange Fluctuations (net)**	724.01	–
Insurance Claims received/receivable	129.56	19.63
Liabilities and Provisions no longer required written back	18.85	21.71
Profit on Sale of Assets	0.01	0.71
Miscellaneous Income	128.19	37.25
**[Includes Rs.504.67 (Previous year - Nil) Millions arising from EPC Operations]		
	<b>1,839.44</b>	<b>552.45</b>
<b>Schedule 16</b>		
<b>CONSTRUCTION, GENERATION AND OPERATING EXPENSES</b>		
Opening Contract Work-in-Progress	11,076.02	6,258.22
Less: Transferred to Expenditure During Construction, pending allocation (Net)	–	43.20
Less: Transferred to Capital Work-in-Progress	–	130.23
Add: Construction Material Consumed	24,818.50	22,604.46
Less: Closing Work-in-Progress	13,811.69	11,076.02
Construction Cost	22,082.83	17,613.23
Subcontract Cost	7,571.96	4,634.13
Property Development Cost	3,676.08	2,928.28
Power Purchase	17,356.12	12,482.89
Less: Prompt Payment Rebate	336.13	238.66
Less: Compensation Received	183.34	10.00
Raw Materials Consumed - Power Generation	8,375.16	10,055.09
Consumption of Stores and Spares	258.09	73.02
Transmission Charges	550.13	–
Labour Charges	584.71	474.27
Site Expenses	832.07	482.31
Operations and Maintenance	542.40	505.32
Repairs and Maintenance:		
Plant and Machinery	181.55	73.51
Building	–	0.51
Others	2.14	1.93
	<b>61,493.77</b>	<b>49,075.83</b>



## Schedules forming part of the Consolidated Profit and Loss Account

(Rs. Millions)

	For the Year ended March 31, 2010	For the Year ended March 31, 2009
<b>Schedule 17</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Salaries, allowances and benefits to employees [Includes ESOP charge of Rs. 570.85 (Previous year - Rs. 57.31) Millions]	2,832.41	1,569.35
Contribution to provident fund and other funds	225.41	201.69
Managerial remuneration	117.19	114.25
Recruitment and training	32.72	19.86
Staff welfare expenses	106.81	69.57
Rent	213.25	173.40
Rates and taxes	80.91	52.38
Donations	50.80	35.94
Repairs and maintenance:		
Building	1.37	2.49
Others	24.93	29.90
Marketing and selling expenses	15.53	73.26
Office maintenance	59.44	43.74
Insurance	109.93	118.88
Printing and stationery	28.21	27.92
Consultancy and other professional charges	318.15	56.28
Directors sitting fee	3.60	3.17
Electricity charges	3.88	8.58
Loss/(Profit) on sale of investments	–	24.07
Remuneration to auditors:		
Audit fees	13.06	7.08
Tax audit fees	2.12	1.64
Certification	0.56	0.56
Out of pocket expenses	3.45	0.19
Travelling and conveyance	375.75	261.01
Communication expenses	69.04	52.16
Loss on Sale of fixed assets	8.34	5.61
Provision for advances/claims/debts	21.14	14.40
Discounts	–	45.10
Miscellaneous expenses	153.91	53.88
	<b>4,871.91</b>	<b>3,066.36</b>
Less: Transferred to Development cost	198.09	250.27
Less: Elimination of Cost on Intercompany Management Consultancy Income	362.34	65.88
	<b>4,311.48</b>	<b>2,750.21</b>
<b>Schedule 18</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on fixed loans	4,091.37	2,445.74
Interest on debentures	7.37	16.49
Interest on working capital loans and others	573.46	172.75
Loss on foreign exchange fluctuation^^	–	412.02
Bank guarantee and letter of credit commission	61.99	52.28
Bank and other finance charges	218.53	503.88
	<b>4,952.72</b>	<b>3,603.16</b>
Less: Transferred to development cost	915.41	639.90
Less: Transferred to expenditure during construction, pending allocation (Net)	483.20	778.36
^^[Includes Nil (Previous year-Rs. 95.73) Million arising from EPC Operations]		
	<b>3,554.11</b>	<b>2,184.90</b>

# Statement on Significant Accounting Policies and Notes to the Consolidated Financial Statements

## Schedule 19

### 1. Description of Business

Lanco Infratech Limited ('LITL' or 'the Company') and its subsidiaries and associates (hereinafter collectively referred to as 'Group') are engaged in the business of Construction, Engineering, Procurement and Commissioning (EPC), Infrastructure Development, Power Generation, Power Trading, Property Development and Development of Expressways.

#### Construction Business

The Company is involved in development of infrastructure facilities including Engineering, Procurement and Commissioning Services for Industrial Structures, water supply, mass housing, institutional buildings and expressways. All the contracts are on competitive bid basis.

#### Property Development Business

Lanco Hills Technology Park Private Limited (LHTPPL) is involved in the development of an integrated IT park named Lanco Hills in 100 acres of land at Manikonda, Hyderabad part of an exclusive "Knowledge Corridor" being promoted by the Government of Andhra Pradesh. The project consists of IT office space, residential buildings, retail and commercial complex.

#### Power Business

Certain entities of the Group are involved in the generation of power. These are separate special purpose vehicles formed, which have entered into Power Purchase Agreements with electricity distribution companies of the respective state governments and power trading entities on bid basis. Lanco Power Trading Limited (LPTL), earlier known as Lanco Electric Utility Limited, is involved in power trading activity.

### 2. Principles of Consolidation

The consolidated financial statements relate to Lanco Infratech

Limited (the Company) and its subsidiaries and associates. The consolidated financial statements of the Company and its subsidiaries are prepared based on a line by line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the audited financial statements of the respective subsidiaries and are drawn up by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's individual financial statements. Inter Company receivables and liabilities, income and expenses are eliminated.

The financial statements of the subsidiaries are consolidated from the date on which effective control is transferred to the Group till the date such control exists. The difference between the costs of investments in subsidiaries over the book value of the subsidiaries' net assets on the date of acquisition is recognized as goodwill or capital reserve in the consolidated financial statements as appropriate.

Equity method of accounting is followed for investments in Associates in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates, wherein goodwill/ capital reserve arising at the time of acquisition and share of profit or losses after the date of acquisition are adjusted in investment value based on the audited financial statements of the Associates. Unrealized profits and losses resulting from transactions between the company and Associates are eliminated to the extent of the company's interest in the associate. Investments in Associates, which are made for temporary purposes, are not considered for consolidation and accounted for as investments.

#### Entities considered for consolidation

The financial statements of the following subsidiaries (including the step down subsidiaries) and associates have been considered for consolidation:

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
1.	Aban Power Company Limited (APCL)	Subsidiary	India	51.02%	51.02%
2.	Rithwik Energy Systems Limited (RESL)#	Subsidiary	India	Nil	93.56%
3.	Clarion Power Corporation Limited (CPCL)#	Subsidiary	India	Nil	97.91%
4.	Lanco Power Trading Limited (LPTL) [earlier Lanco Electric Utility Limited (LEUL)]	Subsidiary	India	99.83%	99.76%
5.	Lanco Amarkantak Power Limited (LAPL) [earlier Lanco Amarkantak Power Private Limited (LAPPL)]	Subsidiary	India	95.76%	77.70%
6.	Lanco Hills Technology Park Private Limited (LHTPPL)	Subsidiary	India	74.00%	74.00%
7.	Lanco Energy Private Limited (LEPL)	Subsidiary	India	99.96%	99.96%
8.	Lanco Green Power Private Limited (LGPPL)	Subsidiary	India	99.99%	99.97%
9.	Lanco Hydro Power Ventures Private Limited (LHPVPL)	Subsidiary	India	100.00%	97.21%
10.	Telesto Properties Private Limited (TePPL)	Subsidiary	India	99.98%	99.98%
11.	Cordelia Properties Private Limited (CPPL)	Subsidiary	India	99.98%	99.98%
12.	Dione Properties Private Limited (DPPL)	Subsidiary	India	99.93%	99.93%

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
13.	Deimos Properties Private Limited (DePPL)	Subsidiary	India	99.99%	99.99%
14.	Pearl Farms Private Limited (PFPL)	Subsidiary	India	99.97%	99.97%
15.	Uranus Projects Private Limited (UPPL)	Subsidiary	India	99.97%	99.97%
16.	Neptune Projects Private Limited (NPPL)	Subsidiary	India	99.41%	99.41%
17.	Lanco Kondapalli Power Private Limited (LKPPL)	Subsidiary	India	59.00%	59.00%
18.	Lanco Wind Power Private Limited (LWPPL)	Subsidiary	India	100.00%	100.00%
19.	Mercury Projects Private Limited (MPPL)	Subsidiary	India	100.00%	100.00%
20.	Lanco Solar Private Limited (LSPL)	Subsidiary	India	100.00%	100.00%
21.	Lanco Vidarbha Thermal Power Private Limited (LVPPL) [Earlier Lanco Mahanadi Power Private Limited (LMPPL)]*	Subsidiary	India	100.00%	100.00%
22.	Lanco Enterprise PTE Limited (LEnPL)	Subsidiary	Singapore	95.00%	-Nil-
23.	Lanco Infratech (Mauritius) Limited (LIML)	Subsidiary	Mauritius	100.00%	-Nil-
24.	Genting Lanco Power (India) Private Limited (GLPIPL)	Associate	India	26.00%	26.00%
25.	Lanco Anpara Power Limited (LAnPL) [Earlier Lanco Anpara Power Private Limited (LAnPPL)]	Associate	India	26.07%	26.15%
26.	Lanco Hoskotte Highways Private Limited (LHHPL)	Associate	India	26.42%	26.53%
27.	Lanco Devihalli Highways Private Limited (LDHPL)	Associate	India	26.10%	26.01%
28.	Udupi Power Corporation Limited (UPCL)	Associate	India	26.15%	26.15%
29.	Portia Properties Private Limited (PPPL)	Associate	India	34.00%	34.00%
30.	Charon Trading Private Limited (CTPL)	Associate	India	34.00%	34.00%
31.	Mimas Trading Private Limited (MTPL)	Associate	India	50.00%	50.00%
32.	Ananke Properties Private Limited (AnPPL)	Associate	India	26.03%	26.03%
33.	Belinda Properties Private Limited.(BePPL)	Associate	India	26.03%	26.03%
34.	Bianca Properties Private Limited (BiPPL)	Associate	India	26.03%	26.03%
35.	Tethys Properties Private Limited (TPPL)	Associate	India	26.03%	26.03%
36.	Lanco Babandh Power Limited (LBPL) [Earlier Lanco Babandh Power Private Limited (LBPPL)]	Associate	India	26.00%	26.00%
37.	Phoebe Trading Private Limited (PTPL)	Associate	India	34.00%	34.00%

# Shares divested during the first quarter of the year.

\* In the previous year it was subsidiary of LKPPL with 51% and 49% held by the company.

#### Subsidiaries of Lanco Hydro Power Ventures Private Limited

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
1.	Lanco Hydro Energies Private Limited (LHEPL)	Subsidiary	India	100.00%	100.00 %
2.	Vamshi Hydro Energies Private Limited (VHEPL)	Subsidiary	India	99.94%	99.90 %
3.	Vamshi Industrial Power Limited (VIPL)	Subsidiary	India	99.88%	99.79 %

#### Subsidiaries of Lanco Wind Power Private Limited

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
1.	Amrutha Power Private Limited (APPL)	Subsidiary	India	100.00%	100.00%
2.	Spire Rotor Private Limited (SRPL)	Subsidiary	India	99.90%	99.90%

**Subsidiaries of Uranus Projects Private Limited**

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
1.	Thebe Properties Private Limited (ThPPL)**	Subsidiary	India	95.00%	-Nil-
2.	Uranus Infratech Private Limited (UIPL)**	Subsidiary	India	95.00%	-Nil-
3.	Leda Properties Private Limited (LPPL)**	Subsidiary	India	95.00%	-Nil-
4.	Jupiter Infratech Private Limited (JIPL)**	Subsidiary	India	95.00%	-Nil-
5.	Cressida Properties Private Limited (CrPPL)**	Subsidiary	India	95.00%	-Nil-
6.	Coral Orchids Private Limited (COPL)**	Subsidiary	India	95.00%	-Nil-

\*\*Balance 5% shares are held by Neptune Projects Private Limited, a subsidiary of the company.

**Subsidiary of Lanco Infratech (Mauritius) Limited**

S. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2010	March 31, 2009
1.	PT.Lanco Indonesia Energy (LIIE)	Subsidiary	Indonesia	99.00%	-Nil-

**3. The Significant Accounting Policies are as follows:****i. Accounting Assumptions**

These accounts have been prepared under the historical cost convention on a going concern basis, with revenues recognized and expenses accounted on their accrual and amounts determined as payable or receivable during the year except those with significant uncertainties and comply in all material respects with the applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ("the Act") and relevant provisions of the Act.

**ii. Accounting Estimates**

The preparation of the financial statements in conformity with the Indian Generally Accepted Accounting Principles (GAAP) requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported year. The estimates and assumptions made in the accompanying financial statements are based upon the management evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from those estimates.

**iii. Revenue Recognition**

For EPC and construction contracts, revenue is recognised on the percentage of completion method based on the stage of completion of a contract as at the balance sheet date.

The stage of completion of a contract is determined on the basis of the proportion that progress billings raised to customers up to the reporting date bear to the total contract value. Progress billings are raised by the Company on the basis of joint surveys and work certified by the customers.

The estimates of contract revenue and the cost thereon are reviewed periodically by management and the effect of any changes in estimates is recognised in the period in which such changes are determined. However, when the total contract cost is estimated to exceed total revenues from the project, the loss is recognised immediately.

Profit is recognised when the outcome of the contract can be estimated reliably. Profit is recognised in proportionate to the value of work done (measured by the stage of completion).

Revenue from sale of energy is recognized on the accrual basis in accordance with the provisions of Power Distribution Agreement and Power Purchase Agreement (PPA). Claims for delayed payment charges and any other claims, which the group is entitled to under the Power Distribution Agreement/Power Purchase Agreement are accounted for in the year of acceptance. Claims on the contractors shall be accounted for in the year of acceptance. PPA provides for payment of fixed tariff based on cumulative availability of the plant and reimbursement of fuel cost at predetermined station heat rate.

Revenue from sale of infirm power is recognized on accrual basis as per the Central Electricity Regulatory Commission (CERC) norms.

Revenue from property development is recognized based on the "percentage of completion method" on transferring the significant risks and rewards of ownership. Under this method, revenue is recognized in proportion to actual costs incurred as against the total estimated construction costs to completion, subject to such actual costs incurred being 25 per cent or more of such estimated construction costs. Construction costs include the estimated construction, development, proportionate land cost and other directly attributable costs of the properties under construction. The estimates of costs and revenues are reviewed by management periodically and effect of any changes in such estimates is recognized in the period in which such changes are determined.

Claims for duty drawback are accounted for on accrual.

Income from project management/technical consultancy is recognized as per the terms of the agreement on the basis of services rendered.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable and stated at gross of tax deducted at source.

Income from Investments is recognized in the accounts in the year in which it is accrued/right to receive is established and stated at gross values.

Insurance claims are recognized on actual receipt/acceptance of the claim.

Revenue from Carbon Credit (CER's and VER's) is recognized upon registration of the project with United Nations Framework Convention on Climate Change (UNFCCC) and upon execution of a firm contract of sale of the eligible credits.

#### **iv. Operations and Maintenance**

APCL and LKPL had entered into Long Term Maintenance Agreement (LTMA) for maintenance of the main plant and Long Term Assured Parts Supply Agreement (LTAPSA) for supply of parts for planned and unplanned maintenance over the term of the agreement. Based on the obligation, amounts payable under the agreements are charged to Profit and Loss Account considering the actual Factored Fired Hours of the Gas Turbines during the year on the basis of average factored hour cost including Customs Duty applicable at the current prevailing rate. Periodical minimum payments are accounted as and when due based on contractual obligations.

#### **v. Fixed Assets**

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, insurance, duties, levies and all incidentals attributable to bringing the asset to its working condition for their intended use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon reassessment in the subsequent years.

#### **vi. Expenditure during Construction period**

Expenditure during construction period is reviewed at the time of capitalization to exclude revenue expenditure charged to profit and loss account. Expenditure directly relating to construction activity is capitalized. Indirect expenditure including borrowing cost is capitalized to the extent it is incidental to the construction activity. Income earned during the construction period is reduced from the total of indirect expenditure. Other expenditure/

income not relating to construction or incidental thereto is charged or credited to the profit and loss account.

#### **vii. Depreciation/Amortisation**

In case of LITL, Depreciation is charged on Straight-line method as per the rates specified in Schedule XIV to the Companies Act, 1956 or at rates based on estimated useful lives whichever is higher except for individual assets costing Rs. 5,000 or less, which are fully depreciated in the year of acquisition. Leasehold improvements included in respective asset block like building and furniture and fixtures are amortized over the period of the lease or estimated useful life whichever is shorter.

In case of LITL certain project related construction assets are depreciated over the respective estimated project periods viz., IT Park Project Assets - 5 years, Power Project Assets (including Metal Scaffolding) - 3 years and Wooden Scaffolding - 1 year.

In case of LKPL, Depreciation is provided on Straight-line method for assets relating to Unit I and on Written down value method for assets relating to Unit II at the rates specified in Schedule XIV to the Companies Act, 1956.

In case of LAPL, Depreciation is provided on Written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

In case of LHTPL, certain project related construction assets including temporary structures are depreciated over respective estimated project periods i.e., 3 to 5 years.

In case of LEnPL, Computer and Furniture and Fixtures are depreciated over a period of 3 years.

In case of LIML, Office Equipment and Furniture and Fixtures are depreciated over a period of 4 years.

In case of other companies of the Group, Depreciation is provided on straight-line method as per the rates specified in Schedule XIV to the Companies Act, 1956 except for individual assets costing Rs. 5,000 or less, which are fully depreciated in the year of acquisition.

In respect of additions/deletions, depreciation charge is restricted to the period of use.

Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long-term borrowings in foreign currency if any is provided prospectively over the residual useful life of the asset.

#### **viii. Investments**

Long-term investments are valued at cost, less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value. Cost of acquisition is inclusive of expenditure incidental to acquisition.

#### **ix. Inventories**

In case of LITL, Construction materials, Stores and Spares and project / construction work-in-progress are valued at lower of cost and net realizable value. Inventory, Stores and Spares are valued on weighted average cost method



In case of LHTPPL, inventories including Real Estate development are stated at cost or net realizable value whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their current location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Expenditure during development is accounted for in the following manner:

- a) Direct expenses including interest are allocated to individual units based on specific identification.
- b) Common expenses are allocated to individual units based on an appropriate basis of allocation.

In case of power generation companies raw materials are valued at cost or net realizable value whichever is lower. Stock of consumables, stores and spares are stated at cost or below. Cost is determined on weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. In case of LEPL and LGPPL cost of inventories is determined on first in first out basis.

#### **x. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

#### **xi. Employee Benefits**

Employee benefits are accounted for on accrual basis, with contributions to Provident Fund charged to the Profit and Loss account / Expenditure during construction period pending allocation (net) each year. Liability for gratuity and Leave Encashment is determined on the basis of actuarial valuation as per projected unit credit method as at the end of the accounting period. The Employee Benefit Schemes are as under:

##### **Provident Fund**

Eligible employees of the group receive benefits under the Provident Fund which is a defined contribution plan wherein both the employee and the group make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Government of India and company has no further obligation beyond making its contribution. The group monthly contributions are charged to the profit and loss account / Expenditure during construction period pending allocation (net) in the period they are incurred.

##### **Gratuity**

In accordance with 'The Payment of Gratuity Act, 1972' of India, the group provides for gratuity, a defined retirement benefit plan covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by actuarial valuation and are charged to profit and loss account / Expenditure during construction period pending allocation (net) in the period determined.

Liability for gratuity is funded through a scheme administered by Life Insurance Corporation of India in few subsidiaries.

##### **Leave Encashment**

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such Leave balance eligible for carry forward, is determined by actuarial valuation and charged to profit and loss account/Expenditure during construction period pending allocation (net) in the period determined.

#### **xii. Foreign Currency Transactions**

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Monetary assets and monetary liabilities denominated in foreign currency other than long term, are translated at the exchange rate prevailing on the balance sheet date and resultant gain / loss is recognised in the profit and loss account / Expenditure during construction period pending allocation (net).

The original cost of fixed assets acquired through long term foreign currency borrowings at the end of each financial year is adjusted for any change in liability arising out of translating the outstanding foreign currency loan at the rate of exchange prevailing at the date of balance sheet till March 31, 2011.

In case of forward exchange contract or any other financial instrument that is in substance a forward exchange contract to hedge the foreign currency rates the premium or discount arising at the inception of the contract is amortized as expenses or income over the life of the contract. Exchange differences arising on such contracts are recognised in the period in which they arise. Losses on account of outstanding forward exchange contracts which are on account of firm commitment and/or are highly probable forecast transaction on balance sheet date are accounted on Mark to Market basis.

#### **xiii. Operating Leases**

Assets acquired on leases where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

#### **xiv. Earnings Per Share**

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after taxation, minority interest and share of profits of associates. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average of shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued to the conversion of all dilutive potential equity shares where applicable.



Dilutive potential equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value. The number of shares and potentially dilutive shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **xv. Employee Stock Option Scheme**

The company has formulated an Employees Stock Option Scheme to be administered through a Trust. The scheme provides that subject to continued employment with the company or the Group, employees of the company and its subsidiaries are granted an option to acquire equity shares of the company that may be exercised within a specified period. The company follows the intrinsic value method for computing the compensation cost for all options granted which will be amortized over the vesting period.

#### **xvi. Taxes on Income**

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rate enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only if there is a reasonable / virtual certainty that those assets could be set off against the available future income.

#### **xvii. Minimum Alternate Tax**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

#### **xviii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The company has a present obligation as a result of past event,
- A probable outflow of resources is expected to settle the obligation; and
- The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

#### **4. Notes to the Consolidated Financial Statements.**

- The Company has on August 7, 2009 allotted 1,84,18,587 equity shares of Rs.10/- each fully paid up at the issue price of Rs.394.90/- (including premium of Rs.384.90/-) per equity share aggregating to an issue size of Rs. 7,273.50 Millions in favour of Qualified Institutional Buyers (QIB) in terms of Chapter-XIII-A of Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 as amended. The purpose of the issue is to use the net proceeds received from the issue for general corporate purposes and for funding our projects and future growth. Accordingly, the net proceeds of Rs. 7,131.05 Millions (Net of issue expenses of Rs. 142.45 Millions) were utilized for the intended purposes.
- During the year, the Company split its Equity Shares of Rs.10/- each into 10 Equity shares of Re.1/- each, record date being January 05, 2010.
- During the year company promoted a subsidiary in Singapore (LEnPL) and the said subsidiary has been consolidated based on the Audited Financial Statements prepared under Singapore Financial Reporting Standards (SFRS) without converting the same into Indian GAAP. However the difference between SFRS and IGAAP are not material considering the size and operations of the subsidiary.
- During the year company promoted a subsidiary in Mauritius (LIML) and in turn the subsidiary promoted another subsidiary in Indonesia (LInE). The consolidated financial statements of the said subsidiary has been consolidated based on the Audited Consolidated Financial Statements prepared under International Financial Reporting Standards (IFRS) without converting the same into Indian GAAP. However the difference between IFRS and IGAAP are not material considering the size and operations of the subsidiaries.
- The company has entered into transactions with related parties, including some of its associates namely UPCL, LAnPL, LBPL, LHHPL and LDHPL, whose details are shown in the summary of the transactions with the related parties, under note 4 (xlv) (b) of Schedule 19. The company along with Lanco Group Limited (one of its promoters) holds the remainder of shares in these associates through various intermediate companies. In the case of UPCL and LAnPL,

the company holds cumulative compulsorily convertible preference shares which when exercised for conversion as per the terms of these shares would result in these companies becoming subsidiaries of the company. Under Indian GAAP, the company is not required to consolidate these associates. The outstanding term loans and net assets (aggregate of fixed assets, investments and net current assets) of these entities as at March 31, 2010 is Rs. 63,552.52 Millions and Rs. 84,694.43 Millions respectively.

**vi. Security details of Term Loans and Cash Credits/Overdrafts**

**a) Rupee Term Loan from Banks and Financial Institutions**

Rupee term loans of LITL and subsidiary companies are secured by way of *pari passu* first charge over the respective companies' movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the respective companies in respect of the project agreements executed/to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further guaranteed by pledge of certain equity shares of the respective companies held by the promoters and personal guarantees of certain directors and promoters and corporate guarantee from the company. In a term loan of the company from a financial institution land belonging to the subsidiary has been given as collateral security. Term loan of LHTPPL is additionally secured by way of a guarantee and land offered as collateral security from a third party.

**b) Foreign currency loans from Banks and Financial Institutions**

Foreign currency term loans of subsidiary companies are secured by way of equitable mortgage of all the immovable and hypothecation of movable properties of the respective subsidiary companies and further guaranteed by some of the Directors of the respective companies in their personal capacity. Loans in LHTPPL are secured by pledge of company shares by its share holder / promoter.

**c) Cash credit and Working capital loan from Banks**

Cash credit and Working capital loan from Banks relating to LITL and subsidiaries are secured by hypothecation of stocks / Work-in-Progress / and other current assets of the respective Companies both present and future on *pari passu* basis and second charge on movable and immovable properties of certain subsidiaries and also guaranteed by certain directors of the respective companies in their personal capacity and by issue of Letter of Comfort by LITL.

**d) Equipment and Vehicle Loans**

Secured by hypothecation of Construction Equipment and Vehicles acquired out of the said loans.

**e) All the unsecured loans from banks are guaranteed by way of pledge of shares of the company held by one of the shareholders of the company.**

**vii. Contingent Liabilities**

**(A) Claims disputed by the company**

(Rs. Millions)

	Particulars	2010	2009
a)	Additional Customs Duty*	805.62	829.2
b)	Income Tax Liability	48.75	42.23
c)	Sales Tax Liability	2.94	2.94
d)	Service Tax Liability	356.04	197.39

\* In the event of crystallization of claim of Rs. 805.62 (2009- Rs. 814.70) Millions the same shall be paid by or recovered from the contractor.

**(B) Company's share of contingent liabilities of associate companies Rs. 1203.09 (2009 – 2058.70) Millions**

**(C) Outstanding corporate guarantees Rs. 36,634.38 (2009 – Rs. 21,114.71) Millions.**

**viii. Claims not acknowledged as debts**

LKPPL - Rs. 86.56 (2009-Rs. 86.56) Millions on account of Differential Customs Duty on spares imported in 2001.

LWPPL – Rs.33.28 (2009- Rs. 33.28) Millions on account of claims from the technology partner towards compliance of collaboration agreement.

Company's share of claims not acknowledged as debts of associate companies Rs. 397.17 (2009 – Nil) Millions.

**ix. Capital Commitments**

**(a) Estimated Value of Contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 144,058.43 (2009 – Rs. 26,972.03) Millions..**

**(b) Towards Investment in equity and preference shares of associate companies – Rs.1,774.18 (2009: Rs. 8,594.77) Millions.**

**x. In case of LKPPL, APTRANSCO (presently APPCC) has raised certain disputes relating to Installed Capacity, Tariff, which are subjudice at present. The Management, based on legal advice, is of the view that the matters under dispute are not tenable and can be contested and hence no outflow is expected on this account. As the matters are technical and interpretational in nature, the management also contends that it is not practicable to estimate the overall financial effect, if any, at this stage. The company has recognized revenue based on acceptance of bills by APTRANSCO as in previous years.**

- xi.** In case of LKPPL, APPCC raised a claim for liquidated damages towards alleged delay in Scheduled Date of Completion of the Project for Rs. 951.60 (2009 – Rs.951.60) Millions after a period of more than five years. APPCC unilaterally adjusted power supply dues to the extent of Rs. 480.66 (2009 – Rs. 480.66) Millions against the above claim. The Company has filed a writ petition before AP High Court and obtained stay order. APPCC has approached APERC seeking orders in this regard. The Company has filed a special leave petition in the Supreme Court of India which was not admitted, as the impugned order of the AP High Court bench was only an interim order and also observed that any objection as to the jurisdiction of APERC could be raised before the same forum.

The management, based on legal advice, is of the view that the above claims are not tenable and the same can be successfully contested. Hence no outflow is expected to be on this account.

- xii.** In case of LKPPL, the amounts billed by the company for the sale of electrical energy and for other claims up to June 15, 2003, APTRANSCO has retained certain amounts pending resolution of issues like claim of force majeure, liquidated damages, etc. Recognition of this revenue has been postponed till acceptance by APTRANSCO. The company has initiated arbitration proceedings for resolution of all such pending issues regarding outstanding amounts with APTRANSCO.

- xiii.** In the Case of APCL, TNEB raised a claim of Rs.71.80 (2009-Rs.71.80) Millions in the prior years, towards refund of fixed charges paid by them for power supplies made by the company prior to the date of commercial operations. Further, during the current year the Company has received another demand from TNEB towards non-payment of development charges, maximum demand charges and low power factor penalty relating to testing and commissioning power from December 31, 2004 to August 11, 2005 amounting to Rs.15.96 Millions.

The Management is of the view that the above claims are not tenable and the same can be successfully contested and hence no provision has been made in the accounts. Company has obtained a Stay from the Hon'ble High Court of Madras towards recovery of these claims.

- xiv.** In case of LAPL, in current financial year there was an Income tax demand of Rs. 5.05 Millions (2009 – Rs. Nil) on the Company relating to non-deduction of TDS on lease rent and service charges paid to Chattisgarh State Industrial Development Corporation Limited (CSIDCL), Raipur. Company filed an appeal before CIT (Appeals), Hyderabad. However, the Company was granted stay of demand on payment of Rs. 2.00 Millions (2009–Rs. Nil) which the Company paid on March 12, 2010 and the same is included in Schedule 12 under Advances recoverable in cash or in kind for value to be received.

- xv.** In case of LAPL, Loans and Advances considered good includes an amount of Rs.229.50 Millions being the amount of Bank Guarantee encashed by South Eastern Coal Fields Limited. The Company has preferred an arbitration against the encashment and the same is pending.

- xvi.** In case of LAPL, advances recoverable in cash or in kind for value to be received in Schedule 12 include an amount of Rs.127.16 Millions paid to Water Resources Department, Korba, Chattisgarh towards 40% of the cost of Kudurmali Annicut (Weir). The said amount shall be adjusted against the water charges payable by the Company for the water being drawn from the Annicut after the completion of its construction.

- xvii.** In case of LAPL, Deposits with Government Authorities in Schedule 12 include an amount of Rs.12.24 Millions paid to Chattisgarh State Industrial Corporation Limited towards three years rent as security and recoverable after the lease period of 99 years.

- xviii.** LAPL entered into a Power Purchase Agreement with PTC India Limited (PTC) for sale of Power from its Unit 1, of 300 MW. Based on the PPA, PTC signed Power Sale Agreement with Madhya Pradesh State Electricity Board. Company terminated the Power Purchase Agreement (PPA) entered into with PTC India Limited (PTC) on March 14, 2008 as PTC failed in its obligation under the PPA to obtain regulatory approval. Against the termination of PPA, Madhya Pradesh Power Trading Company Limited (MPPTC) (earlier Madhya Pradesh State Electricity Board) filed writ petition in the Honourable High Court of Madhya Pradesh challenging the termination of PPA and the same was dismissed by the Court. Against the Order of the Honourable High Court, MPPTC has filed Special Leave Petition before the Honourable Supreme Court of India. Subsequent to the Balance Sheet date, Honourable Supreme Court dismissed the Special Leave Petition.

- xix.** In case of LAPL, Pursuant to Common Loan Agreement dated August 04, 2005 and June 19, 2006 between the Company and its lenders, the lenders shall at any time after the Commercial Operation Date have the right to convert their respective portion of Outstanding Senior Rupee Debt B Facility into fully paid up equity share value of Rs.10 each.

- xx.** In case of LHTPPL, there is a dispute with respect to Seigniorage Fee which is under Appeal with Ministry for Mines & Geology, Government of Andhra Pradesh for the period February 17, 2006 to January 06, 2009 - Rs. 192.93 Millions (2009 – Rs. Nil).

- xxi.** In case of LHTPPL, it has taken possession of entire land for developmental activities. However, the transfer of such land in favour of the company is subject to such conditions as stipulated in the Development Agreement. Pending litigations between Government authorities and others relating to the title of the land and delay in complying with the construction of the IT Park, Company got extension of time as per the terms of the Development Agreement. Management is confident of getting the necessary approvals and related transfer of property in favour of the Company / third parties.

Out of the total land, proportionate cost of land for 29.45 acres amounting to Rs.1,295.40 Millions has been earmarked for Special Economic Zone (SEZ) and accordingly capitalized as part of Fixed Assets. Cost of the balance land has been carried forward as Development work in progress as part of Inventories.

**xxii.** In case of LHTPPL, it has entered into SWAP agreement from floating rate of interest to fixed rate of interest against its foreign currency loan of USD 110 Million covering a period of June 20, 2008 to March 31, 2014. Company accounts its interest cost on the said foreign currency loan using the fixed rate of interest based on the SWAP Agreement and accordingly impact on Mark-to-Market of the said SWAP Agreement as on the Balance Sheet date is Rs. Nil (2009 - Rs. Nil).

**xxiii.** In case of LHTPPL, the worldwide economic recession had an impact on the property industry in the country. Added to this the local factors reduced the demand for the property. To overcome this, LHTPPL revised its marketing strategy which included reduction of the property prices, which was extended to its existing customers too subject to some deliverables by the customers. For the current year the revenue shown is net of cancellations. LHTPPL with the support of the company is confident of completing the project in due course for which necessary finances are being arranged.

**xxiv.** During the year LAPL has implemented the 2x300 MW Coal-based Thermal Power Project near Pathadi in Korba district of Chattishgarh State. Accordingly the company capitalised its Unit I of 300 MW on January 1, 2010 and capitalized Unit II of 300 MW on March 25, 2010.

**xxv.** During the year LKPPL has implemented the 233 MW Gas Turbine out of 1x366 MW Combined Cycle Gas-based Thermal Power Project near Kondapalli in Krishna district of Andhra Pradesh State. Accordingly the company capitalised 233 MW power project on December 01, 2009.

**xxvi.** During the year VHEPL has implemented the 5 MW – Baner Hydel Power Project in Kangra district of Himachal Pradesh State. Accordingly the company capitalised 5 MW on June 21, 2009.

**xxvii.** During the year VIPL has implemented the 5 MW – Drinidhar Hydel Power Project in Kangra district of Himachal Pradesh State. Accordingly the company capitalised 5 MW on March 29, 2010.

**xxviii.** During the period four subsidiaries of the company capitalized their respective power plants during the year. In accordance with their related accounting policies, the companies have conducted a detailed review of all expenditure incurred and income earned during the construction period as on the date of respective capitalization, to segregate between the expenditure eligible for capitalization and expenditure to be charged off to the profit and loss account. The details of the same are set out below:

(Rs. Millions)

Name of the Company	Date of Capitalization	Expenditure Capitalized	Expenditure charged off to the profit and loss account
LAPL	Unit I – Jan 01, 2010 Unit II – Mar 25, 2010	5,875.13	(1,765.40)
LKPPL	Unit II – Dec 01, 2009	667.44	-
VHEPL	Baner – Jun 21, 2009	90.72	-
VIPL	Drinidhar – Mar 29, 2010	119.25	-

**xxix.** In respect of subsidiary companies in construction stage (LEPL, LGPPL, LWPPPL, APPL, SRPL, LSPL, LVTPPL, TePPL, CPPL, DPPL, DePPL, PFPL, UPPL, NPPL, ThPPL, UIPL, LPPL, JIPL, CrPPL, COPL and LHEPL) no Profit and Loss Account has been drawn up. All expenditure incurred (net of income earned) during the construction stage are grouped and disclosed under 'Expenditure during construction period, pending allocation (net)' in Schedule 6. During the year the company has conducted a detailed review of all expenditure incurred and income earned disclosed under 'Expenditure during construction period, pending allocation (net)' and charged off Rs. 6.13 Millions and Rs. 25.58 Millions of the expenditure relating to the current year and previous year respectively in the Consolidated Profit and Loss Account.

**xxx.** In respect of Associates in Construction Stage no Profit and Loss Account has been drawn up. All expenditure incurred (net of income earned) during the construction stage are grouped under 'Expenditure during construction period, pending allocation (net)'. During the year the company has conducted a detailed review of all expenditure incurred and income earned disclosed under 'Expenditure during construction period, pending allocation (net)' and identified expenditure to be charged off. The share of the loss recognized in the Profit and Loss Account from the said associate companies on account of Accounting as per Equity method of AS -23 'Accounting for Investments in Associates in Consolidated Financial Statements' is Rs. 81.11 Millions and Rs. 103.85 Millions for the current year and previous year respectively.

**xxxi.** Managerial Remuneration paid in case of the subsidiaries, LHTPPL and LAPL, are in excess of the limits prescribed under Sections 198, 269, 309 & 310 of the Companies Act, 1956 read with Schedule XIII of the said Act by Rs. 7.95 millions and Rs. 10.41 Millions respectively. The respective companies have filed form 25 A seeking the approval of Central Government for the increased remuneration and approval is awaited.

**xxxii.** The Ministry of Corporate Affairs, Government of India has vide its Notification No. GSR 225(E) dated March 31, 2009 has announced Companies Accounting Standards (Amendment) Rules 2009 prescribing changes to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

Pursuant to the above mentioned notification few subsidiaries in the previous year have exercised the option of recognizing the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were recorded



earlier, in the original cost of such depreciable fixed assets / capital work-in-progress in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of a depreciable asset / capital work-in-progress.

**xxxiii.** Duty Drawback claims recognized during the year Rs. 2691.96 (2009 – 937.16) Millions.

**xxxiv.** The long-term unquoted investments in shares of subsidiary companies and associates (included in Schedule – 7) as given hereunder are pledged as security towards loan facilities sanctioned to the respective investee companies.

S. No.	Investee Company	No. of Shares pledged	
		2010	2009
	<b>Subsidiary Companies</b>		
1.	Aban Power Company Limited	49,748,868	49,748,868
2.	Clarion Power Corporation Limited	-	13,790,303
3.	Rithwik Energy Systems Limited	-	2,703,800
4.	Lanco Amarkantak Power Limited	382,136,150	351,636,150
5.	Lanco Green Power Private Limited	25,250,000	25,250,000
6.	Lanco Kondapalli Power Private Limited	127,577,300	115,260,000
7.	Lanco Energy Private Limited	7,188,210	7,188,210
8.	Lanco Hydro Energies Private Limited	39,999,800	-
9.	Vamshi Industrial Power Limited	7,333,800	7,333,800
10.	Vamshi Hydro Energies Private Limited	7,089,000	7,089,000
	<b>Associate Companies</b>		
1.	Udupi Power Corporation Limited – Equity Shares	22,500,000	20,000,000
2.	Udupi Power Corporation Limited – Preference Shares	532,152,448	445,502,448
3.	Lanco Anpara Power Private Limited – Equity Shares	7,742	7,742
4.	Lanco Anpara Power Private Limited – Preference Shares	330,000,000	330,000,000
5.	Lanco Hoskote Highway Private Limited	26,002,600	26,002,600
6.	Lanco Devihalli Highways Private Limited	10,402,600	10,402,600

**xxxv.** During the year the Company has changed its accounting policy with respect to valuation of inventory from FIFO method to Weighted Average method. Consequent to the change, the inventory value stated is lower by Rs. 3.94 Millions when compared to FIFO method. The change has resulted in reduction of profit by Rs. 3.94 Millions for the year ended March 31, 2010.

**xxxvi.** In case of LAPL, during the financial period, the company changed its method of providing Depreciation from Straight Line Method to Written Down Value method to present the financials of the Company in a more appropriate manner to the stakeholders. Consequent to change in the method, the Company recalculated depreciation for all the fixed assets under written down value method on a retrospective basis from the date of the assets coming into use. The change in method of providing Depreciation has resulted increase in total depreciation charged during the period by Rs. 1,209.19 Millions with a corresponding reduction in the net block of fixed assets as at the period end and decrease in profit before tax for the period.

**xxxvii.** In Case of LHTPPL, it has reassessed the estimated useful life of one of its Building (Model Flat on Lease Hold Land) from 3 years to 5 years with effect from April 01, 2009. The change in accounting estimate has resulted in a decrease in the deprecation charge and in the current year's loss by Rs.12.44 Millions.

**xxxviii. Employee Benefits**

The following Table sets out the status of the employee benefit plans (as required under the Accounting Standard – (AS) 15 (Revised))

(Rs. Millions)

Particulars	Gratuity		Compensated Absences	
	2010	2009	2010	2009
Projected benefits obligation at the beginning of the year	52.73	35.91	190.56	75.22
Current service cost	34.55	20.38	111.52	116.09
Interest cost	3.84	2.81	12.94	4.33
Actuarial loss/(gain)	9.36	(4.82)	31.09	21.63
Benefits paid	(5.37)	(1.55)	(36.62)	(26.71)
<b>Projected benefit obligation at the end of the period (As at March 31)</b>	<b>95.11</b>	<b>52.73</b>	<b>309.49</b>	<b>190.56</b>
<b>Change in Plan Assets</b>				
Fair Value of plan assets as at the beginning of the year	4.52	4.08	-	-
Expected return on plan assets	0.41	0.33	-	-
Contributions	0.21	0.13	-	-
Benefits paid	(0.06)	(0.06)	-	-
Actuarial gain/(loss) on plan assets	-	0.04	-	-
<b>Fair Value of plan assets as at the year end</b>	<b>5.08</b>	<b>4.52</b>	<b>-</b>	<b>-</b>
<b>Amounts recognized in the balance sheet</b>				
Projected benefit obligation at the end of the period	95.11	52.64	309.49	176.19
Fair value of plan assets at end of the period	7.89	6.48	-	-
<b>Funded status of the plan –(asset)/liability</b>	<b>87.22</b>	<b>46.16</b>	<b>309.49</b>	<b>176.19</b>
<b>(Assets)/Liability recognized in the balance sheet</b>	<b>87.22</b>	<b>46.16</b>	<b>309.49</b>	<b>176.19</b>
<b>Cost for the year</b>				
Current service cost	34.55	20.29	111.52	109.28
Interest cost	3.84	2.78	12.94	4.33
Expected return on plan assets	(0.59)	0.19	-	-
Net actuarial (gain)/loss recognized in the year	8.96	(4.86)	31.09	21.63
<b>Net Cost</b>	<b>46.76</b>	<b>18.40</b>	<b>155.55</b>	<b>135.24</b>
<b>Assumptions</b>				
Discount Rate (%)	7.50%	7.50%	7.50%	7.50%
Expected Average remaining service (in years)	4.60	4.93	4.60	4.93
Expected rate of salary increase (%)	12.00%	12.00%	12.00%	12.00%

For the purpose of actuarial valuation certain subsidiaries have followed slightly different assumptions as compared to the company with respect to discount rate and expected average remaining service. The overall effect is not material. Accordingly the above mentioned table has summarized the information for the group as a whole except for the assumptions which has been captured from the company based on materiality.

**Defined Contribution Plans**

In respect of the defined contribution plan (Provident Fund), an amount of Rs.92.57 (2009: Rs.79.56) Millions has been recognized as expenditure in the Profit and Loss Account/Expenditure During Construction Period

**xxxix. Borrowing Costs**

During the year the following Borrowing Cost incurred by subsidiaries which are directly attributable to the acquisition / construction of a qualifying asset have been capitalized.

(Rs. in Millions)

Name of the Subsidiary	2010	2009
Lanco Amarkantak Power Limited (LAPL)	4,324.43	-
Lanco Kondapalli Power Private Limited (LKPPL)	5,68.60	-
Vamshi Hydro Energies Private Limited (VHEPL)	54.90	40.20
Vamshi Industrial Power Limited (VIPL)	71.60	-
<b>Total</b>	<b>5,019.53</b>	<b>40.20</b>

**xl. Operating Leases**

The group has entered into certain cancellable and non-cancellable operating lease agreements mainly for office premises. The lease rentals charged during the year and maximum obligations on both cancellable and long-term non-cancellable operating leases payable as per the agreements are as follows:

(Rs. in Millions)

Particulars	2010	2009
Lease Rentals under cancellable leases	89.35	89.61
Lease Rentals under non-cancellable leases	118.92	92.74
Obligations on non-cancellable leases:		
Not later than one year	122.05	133.86
Later than one year and not later than five years	78.31	247.67
Later than five years	1.15	35.46

**xli. Calculation of EPS-(Basic and Diluted)**

Particulars	2010	2009
Net profit available for Equity Share Holders (Rs. in Millions) – A	4,585.48	2,803.57
Weighted average number of Equity Shares for Basic EPS – B	2,241,525,934	2,114,262,700
Add: Adjustment for outstanding options under ESOP	26,502,673	25,460,270
Weighted Average number of Equity shares for Diluted EPS – C	2,268,028,606	2,139,722,970
Nominal value for share	Re. 1	Re. 1
Basic EPS (Rs.) – [A/B]	2.05	1.33
Diluted EPS (Rs.) – [A/C]	2.02	1.31

**xlii. Employee Stock Option Scheme**

The Company has thus far allotted 11,118,096 equity shares of Rs. 10/- each to LCL Foundation (ESOP - Trust) towards the Employee Stock Option Plan 2006 (The Plan) which was formulated by the Company. The plan provides for grant of stock options of equity shares of the Company to employees of the Company and its subsidiaries subject to continued employment with the Company or Group. Each option comprises of one equity share which will vest on annual basis at 20% each over five years and shall be capable of being exercised within a period of six years from the date of first annual vesting.

Each option granted under the above plans entitles the holder to one equity share of the company at an exercise price, which is approved by the compensation committee.

The Plan is in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999.

Consequent to the splitting of Equity Share of Rs.10/- each into 10 equity shares of Re.1/- each, the number of shares allotted to the trust and the options granted, forfeited, exercised are disclosed at Re.1/- each.

A summary of the status of the Company's plan is given below:

Particulars	31.3.2010		31.3.2009	
	No. of Shares	Weighted Average Exercise Price (Rs.)	No. of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	75,831,150	0.243	57,103,150	0.243
Granted during the year	9,242,090	0.243	23,097,600	0.243
Forfeited during the year	13,008,450	-	2,635,890	-
Exercised during the year	18,724,370	0.243	1,733,710	0.243
Expired during the year	-	-	-	-
Outstanding at the end of the year	53,340,420	0.243	75,831,150	0.243
Exercisable at the end of the year	5,173,210	-	10,323,970	-

The Company has calculated the compensation cost based on the intrinsic value method i.e. the excess of previous closing price of underlying equity shares on the date of the grant of options over the exercise price of the options given to employees under the employee stock option schemes of the Company is recognised as deferred stock compensation cost and is amortised on a graded vesting basis over the vesting period of the options. Had the Company applied the fair value (as per Black Scholes Method) for determining compensation cost, the impact on net income and earnings per share is provided below:

(Rs. Millions)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Net Income - As reported	4,585.49	2,803.57
Add: ESOP Cost under Intrinsic Value Method*	549.42	59.58
Less: ESOP Cost under Fair Value Method (Block Scholes)	553.42	60.08
Net Income – Proforma	4,581.49	2,803.07
Earnings per Share:		
Basic - As reported (Rs.)	2.05	1.33
- Proforma (Rs.)	2.04	1.33
Diluted - As reported (Rs.)	2.02	1.31
- Proforma (Rs.)	2.02	1.31

\*Compensation cost amounting to Rs. 80.84 Millions (2009: Rs. 13.48 Millions) being expenditure during construction (EDC) not charged to Profit and Loss Account has not been considered.



**Assumptions:**

The fair value of each share is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Dividend Yield %	Nil
Expected Term	7 Years
Risk Free Interest Rate	8%
Volatility	30%
Volatility was arrived at considering a similar Company's Market Price variation.	

**xliii. The Deferred Tax Liability – Net is as under:**

(Rs. Millions)

Particulars	2010	2009
<b>Deferred Tax Liability*</b>		
On Depreciation	1,114.63	233.59
<b>Deferred Tax Asset</b>		
On Gratuity and Compensated Absences	103.51	58.78
On provision and Other Disallowances	8.09	–
<b>Deferred tax (Asset)/ Liability - Net</b>	<b>1,003.03</b>	<b>174.81</b>

\*In Case of LAPL, LKPPL and APCL Deferred Tax Liability has been recognized during the year to the extent of the timing difference that originate as at the Balance sheet date and does not reverse during the tax holiday period of the company under the provisions of Section 80IA of the Income Tax Act.

**xliv. Segment Reporting:**

- The segment report of LITL and its consolidated subsidiaries and associates (the Group) has been prepared in accordance with Accounting Standard 17 "Segment Reporting" as notified under Section 211(3C) of the Companies Act.
- The Group is currently focused on four business segments: Construction, Power Generation, Property Development and Other Infrastructure Development.
- The Group's significant activities are within India. The conditions prevailing within India being predominantly uniform, no separate geographical segment disclosure is considered necessary.
- The business segments of the Company comprises of the following.

Segment	Details of Business
Construction	Construction of Industrial, Residential & Commercial Buildings and Roads etc., Engineering, Procurement and Commissioning (EPC)
Infrastructure	Development of roads on Build, Operate and Transfer basis and other infrastructure.
Property Development	Development of integrated properties comprising of commercial and residential buildings
Power	Generation of power and trading in power
Others	Residual activities

- For the purpose of reporting, business segments are primary segments and the geographic segment is a secondary segment.

S. No.	Segment	Name of the Company
1.	Construction	1. Lanco Infratech Limited
2.	Power	1. Aban Power Company Limited. 2. Lanco Amarkantak Power Limited. 3. Lanco Power Trading Limited. 4. Lanco Energy Private Limited. 5. Lanco Green Power Private Limited. 6. Vamshi Industrial Power Limited. 7. Vamshi Hydro Energies Private Limited. 8. Lanco Hydro Energies Private Limited. 9. Lanco Hydro Power Ventures Private Limited. 10. Lanco Infratech Limited. 11. Lanco Kondapalli Power Private Limited. 12. Mercury Projects Private Limited. 13. Lanco Wind Power Private Limited. 14. Amrutha Power Private Limited. 15. Spire Rotor Private Limited. 16. Lanco Solar Private Limited. 17. Lanco Vidarbha Thermal Power Private Limited
3.	Property Development	1. Lanco Hills Technology Park Private Limited 2. Telesto Properties Private Limited 3. Cordelia Properties Private Limited 4. Dione Properties Private Limited 5. Deimos Properties Private Limited 6. Pearl Farms Private Limited 7. Uranus Projects Private Limited 8. Neptune Projects Private Limited 9. Thebe Properties Private Limited 10. Uranus Infratech Private Limited 11. Leda Properties Private Limited 12. Jupiter Infratech Private Limited 13. Cressida Properties Private Limited 14. Coral Orchids Private Limited
4.	Infrastructure	1. Lanco Infratech Limited.
5.	Others	1. Lanco Enterprise PTE Limited 2. Lanco Infratech (Mauritius) Limited 3. PT. Lanco Indonesia Energy

f) The details of segment information for the year ended March 31, 2010 and March 31, 2009 are given below:

Rs. Millions

Business Segments	Construction		Power		Property Development		Infrastructure		Unallocable		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenue</b>												
Revenue from Customers	44,675.25	31,229.87	35,543.62	27,129.57	(256.72)	1,574.45	-	-	358.10	128.11	80,320.25	60,062.00
<b>Total Revenues</b>	<b>44,675.25</b>	<b>31,229.87</b>	<b>35,543.62</b>	<b>27,129.57</b>	<b>(256.72)</b>	<b>1,574.45</b>	<b>-</b>	<b>-</b>	<b>358.10</b>	<b>128.11</b>	<b>80,320.25</b>	<b>60,062.00</b>
Operating Expenses	34,789.75	24,830.56	26,564.79	22,885.43	139.24	1,271.90	-	-	322.29	130.63	61,816.07	49,118.52
Depreciation	568.97	364.26	2,875.05	671.63	34.31	37.50	-	-	0.47	-	3,478.80	1,073.39
<b>Segmental Operating Profit/(Loss)</b>	<b>9,316.53</b>	<b>6,035.05</b>	<b>6,103.78</b>	<b>3,572.51</b>	<b>(430.27)</b>	<b>265.05</b>	<b>-</b>	<b>-</b>	<b>35.34</b>	<b>(2.52)</b>	<b>15,025.38</b>	<b>9,870.09</b>
Interest Expenses	124.46	144.87	1,630.13	843.02	2.06	2.26	-	-	1,797.46	1,194.75	3,554.11	2,184.90
Other Income	504.67	-	699.53	396.70	56.66	6.94	-	-	578.57	148.81	1,839.43	552.45
Other Expenses	2,761.27	1,870.62	882.54	360.89	33.79	174.31	-	-	311.57	301.70	3,989.17	2,707.52
<b>Profit/(Loss) before tax</b>	<b>6,935.47</b>	<b>4,019.56</b>	<b>4,290.64</b>	<b>2,765.30</b>	<b>(409.46)</b>	<b>95.42</b>	<b>-</b>	<b>-</b>	<b>(1,495.12)</b>	<b>(1,350.16)</b>	<b>9,321.53</b>	<b>5,530.12</b>
Taxation -												
Current tax									2,658.53	1,651.46	2,658.53	1,651.46
Deferred tax									828.22	1.69	828.22	1.69
Fringe Benefit tax									4.12	20.49	4.12	20.49
Relating to Previous Year									151.97	16.76	151.97	16.76
<b>Net Profit/(Loss) after taxation</b>	<b>6,935.47</b>	<b>4,019.56</b>	<b>4,290.64</b>	<b>2,765.30</b>	<b>(409.46)</b>	<b>95.42</b>	<b>-</b>	<b>-</b>	<b>(5,137.96)</b>	<b>(3,040.56)</b>	<b>5,678.69</b>	<b>3,839.72</b>
<b>Other Information</b>												
Segment Assets	38,191.61	24,691.58	92,578.63	70,470.12	18,035.38	16,294.76	2,218.29	3,211.13	9,258.92	817.25	160,282.83	115,484.84
Capital Expenditure	1,058.69	1,687.57	18,016.52	16,247.91	648.92	2,441.41	10.11	-	-	-	19,734.24	20,376.89
Depreciation / Amortisation	568.97	364.26	2,875.05	671.63	34.31	37.50	-	-	0.47	-	3,478.80	1,073.39
Segment Liabilities	24,632.27	23,325.24	52,650.93	39,523.26	15,424.62	13,441.97	-	-	27,019.12	11,185.36	119,726.94	87,475.83

## xiv. Related party transactions

## a) Names of the related parties and description of relationship:

<b>Key Management Personnel and their Relatives</b>	<ol style="list-style-type: none"> <li>1. Sri L. Madhusudhan Rao, Chairman (LMR)</li> <li>2. Sri G. Bhaskara Rao, Vice Chairman (GBR)</li> <li>3. Sri L. Sridhar, Brother (LS)</li> <li>4. Sri L. Rajagopal, Brother (LRG)</li> <li>5. Smt L. Rajya Lakshmi</li> <li>6. Smt. G. Padmavathi, Sister (GP)</li> <li>7. Smt. L. Sirisha</li> <li>8. Smt. G. Lakshmi Sirisha</li> <li>9. Sri G. Avinash</li> <li>10. Sri L.V. Rama Naidu, Father (LVRN)</li> <li>11. Smt. L. Ramalakshamma, Mother (LRM)</li> <li>12. Smt. G. Venkata Subbamma</li> <li>13. Sri G. Subba Rao</li> <li>14. Sri G. Venu Gopala Naidu</li> <li>15. Sri G. Venkatesh Babu, Managing Director (GVB)</li> <li>16. Sri D.V. Rao</li> <li>17. Smt. L. Padma</li> </ol>
<b>Enterprises where Significant Influence exists</b>	<ol style="list-style-type: none"> <li>1. Lanco Anpara Power Private Limited (LANPPL)</li> <li>2. Udupi Power Corporation Limited (UPCL)</li> <li>3. Lanco Hoskote Highway Private Limited (LHHPL)</li> <li>4. Lanco Devihalli Highway Private Limited (LDHPL)</li> <li>5. Belinda Properties Private Limited (BPPL)</li> <li>6. Ananke Properties Private Limited (APPL)</li> <li>7. Tethys Properties Private Limited (TPPL)</li> <li>8. Bianca Properties Private Limited (BPPL)</li> <li>9. Charon Trading Private Limited (CTPL)</li> <li>10. Mimas Trading Private Limited (MTPL)</li> <li>11. Phoebe Trading Private Limited (PTPL)</li> <li>12. Genting Lanco Power (India) Private Limited (GLPIPL)</li> <li>13. Lanco Babandh Power Private Limited (LBPPL)</li> <li>14. Portia Properties Private Limited (PPPL)</li> <li>15. Lanco Rani JV (LR)</li> </ol>
<b>Enterprises where Key Management Personnel have Significant Influence</b>	<ol style="list-style-type: none"> <li>1. Uranus Properties Private Limited (UPPL)</li> <li>2. Lanfin Ventures Private Limited (LVPL)</li> <li>3. Vainateya Power Private Limited (VPPL)</li> <li>4. Lanco Horizon Properties Private Limited (LHPPL)</li> <li>5. S.V. Contractors (SVC)</li> <li>6. LCL Foundation ESOP Trust</li> <li>7. Century Investments Limited (CIL)</li> <li>8. Third Millenium Investments Limited (TIML)</li> <li>9. Island Power Ventures Limited (IPVL)</li> <li>10. Himachal Hydro Power Private Limited (HHPPL)</li> <li>11. Ravi Hydro Electric Private Limited (RHEPL)</li> <li>12. Chatari Hydro Power Private Limited (CHPPL)</li> <li>13. Lanco Foundation (LF)</li> <li>14. Lanco Bay Techonology Park Private Limited (LBTPPL)</li> <li>15. Lanco Transport Network Co. Private Limited (LTNCPL)</li> <li>16. Callisto Trading Private Limited (CaTPL)</li> <li>17. Lanco Group Limited (LGL)</li> </ol>
<b>Enterprise Exercising Significant Influence</b>	<ol style="list-style-type: none"> <li>1. Prince Stone Investments Limited (PSIL)</li> </ol>

**b) Summary of Transactions with related parties are as follows:**

Nature of Transaction	2010				2009			
	Enterprises where Significant Influence Exists		Enterprises where Key Management Personnel have Significant Influence		Enterprises where Significant Influence Exists		Enterprises where Key Management Personnel have Significant Influence	
Payment for Goods Delivered	-	-	-	-	-	-	LIL	0.08
Rent Received	-	-	LHPPL	1.56	-	-	LHPPL	2.08
Contract Services Rendered	UPCL 16,269.19 LAnPL 19,041.12 OTHERS 3,008.99	-	-	-	UPCL 18,433.30 LAnPL 6,016.95 OTHERS 1,873.91	-	COPPL	31.11
	<b>38,319.30</b>	-	-	-	<b>26,324.16</b>	-		<b>31.11</b>
Contract Services/ Shared Services Provided/(Availed)	LAnPL 8.02 LBPL 7.97	-	-	-	UPCL 2.45 LAnPL 8.02 LBPL 8.36	-	SVC LGL	(77.19) (34.03)
	<b>15.99</b>	-	-	-	<b>18.83</b>	-		<b>(111.22)</b>
O&M Services Availed	GLPIPL 131.77	-	-	-	GLPIPL 102.26	-		-
Interest Paid/ (Received)	UPCL 243.70 LBPL (132.86)	-	-	-	-	-		-
	<b>110.84</b>	-	-	-	-	-		-
Donations Paid	-	-	LF	33.75	-	-	LF	27.87
Managerial Remuneration	-	-	-	-	LMR 35.95 GBR 33.05 GVB 41.94 DVR 6.25	-	LMR GBR GVB DVR	27.50 27.50 27.75 31.50
	-	-	-	-	<b>117.19</b>	-		<b>114.25</b>
Sitting Fee	-	-	-	-	LS 0.18 LMR 0.08 GBR 0.16	-	LS GBR LMR	0.18 0.20 0.80
	-	-	-	-	<b>0.42</b>	-		<b>1.18</b>
Purchase / (Sale) of Shares	UPCL 1,466.50 LAnPL 2,659.60 OTHERS 598.00	-	LHPPL 720.44	-	UPCL 2,855.02 OTHERS 59.96	-	LGL	21.85
	<b>4,724.10</b>	-	<b>720.44</b>	-	<b>2,914.98</b>	-		<b>21.85</b>
Share Application Money Paid during the year	LAnPL 2,552.50 UPCL 1,166.50 LBPL 1,069.50 OTHERS 2,435.50	-	LHPPL 15.24 LVPL 2.00 LGL 842.00	-	LBPL 640.00 UPCL 300.00 PPPL 290.65 LDHPL 190.00 OTHERS 426.04	-	LHPPL OTHERS	653.20 197.77
	<b>7,224.00</b>	-	<b>859.24</b>	-	<b>1,846.69</b>	-		<b>850.97</b>

(Rs. Millions)

## Summary of Transactions with related parties Continued

(Rs. Millions)

Nature of Transaction	2010			2009		
	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives
Share Application Money Refunded during the year	LDHPL 1,004.00	-	-	-	-	-
	LHHPL 680.01	-	-	-	-	-
	<b>1,684.01</b>	-	-	-	-	-
Project Development Fee Charged	LBPL 330.00	-	-	UPCL 100.00	-	-
	LHHPL 15.34	-	-	LHHPL 15.34	-	-
	LDHPL 12.77	-	-	LDHPL 12.77	-	-
	<b>358.11</b>	-	-	<b>128.11</b>	-	-
Works Contract Expense	UPCL 2,275.81	-	-	-	SVC 77.19	-
	<b>2,275.81</b>	-	-	-	<b>77.19</b>	-
Other Expenses/(Income)	UPCL 9.09	-	-	LRJV 2.47	LGL 34.03	-
	(0.22)	-	-	-	-	-
	<b>8.87</b>	-	-	<b>2.47</b>	<b>34.03</b>	-
Sale of Goods	-	LF 0.02	-	-	-	-
Loan Given /(Taken) during the year	UPCL (2,000.00)	SVC 1.09	-	LBPL 2.32	-	-
	-	OTHERS 0.85	-	LAnPL (2,944.90)	-	-
	<b>(2,000.00)</b>	<b>1.94</b>	-	<b>(2,942.58)</b>	-	-
Purchase of Fixed Assets	LBPL 3.32	-	-	LBPL 1.01	-	-
	<b>3.32</b>	-	-	<b>1.01</b>	-	-
Sale of Fixed Assets	LHHPL 1.15	-	DVR 3.32	UPCL 0.67	-	-
	OTHERS 0.51	-	-	LBPL 2.01	-	-
	<b>1.66</b>	-	<b>3.32</b>	<b>2.68</b>	-	-
Corporate Guarantee Given to Bank/FI on Behalf of Related Parties	UPCL 33,772.99	-	-	UPCL 20,672.12	-	-
	LBPL 2,500.00	-	-	LHHPL 170.00	-	-
	LDHPL 132.50	-	-	LDHPL 132.50	-	-
	<b>36,405.49</b>	-	-	<b>20,974.62</b>	-	-
Balance Receivable at the year end-Share Application Money	LBPL 1,829.50	LGL 1,540.14	-	LDHPL 1,010.00	LHPPL 705.20	-
	TPPL 537.84	OTHERS 61.30	-	LHHPL 545.01	OTHERS 307.00	-
	PPPL 327.87	-	-	LBPL 760.10	LGL 698.14	-
	APPL 547.84	-	-	OTHERS 844.99	-	-
	BePPL 542.84	-	-	-	-	-
	BIPPL 547.84	-	-	-	-	-
	OTHERS 86.62	-	-	-	-	-
	<b>4,420.35</b>	<b>1,601.44</b>	-	<b>3,160.10</b>	<b>1,710.34</b>	-
Balance Receivable at the year end - Inter Corporate Deposits	LBPL 1,210.00	-	-	-	-	-
	-	-	-	-	-	-
	<b>1,210.00</b>	-	-	-	-	-

Nature of Transaction	2010			2009		
	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives
	(Rs. Millions)					
Balance Receivable at the year end-Loans	LBPL 310.57 <b>310.57</b>	LHPPL 0.04 <b>0.04</b>	-	-	-	-
Balance Receivable at the year end-Others	LANPL 2,103.22 UPCL 8,787.95 OTHERS 843.25 <b>11,734.42</b>	- - OTHERS 12.09 <b>12.09</b>	- - - -	UPCL 3,353.12 LANPL 1,633.15 OTHERS 445.01 <b>5,431.28</b>	SVC 18.92 OTHERS 60.99 <b>79.91</b>	- - - -
Balance Payable at the year end-Inter Corporate Deposits	UPCL (2,000.00) - <b>(2,000.00)</b>	- - -	- - -	- - -	- - -	- - -
Balance Payable at the year end-Others	LANPL (2,940.87) LBPL (2,451.77) LDHPL (361.27) LHHPL (246.37) LRJV (4.21) UPCL (474.48) <b>(6,478.97)</b>	- - - - - -	GVB (5.72) - - - - -	LANPL (2,897.11) UPCL (2,017.75) LDHPL (677.96) LHHPL (414.06) LRJV (13.76) <b>(6,020.64)</b>	- - - - - -	- - - - - -

a) The company has provided securities by way of pledge of Investments / Coporate Guarantees for loans taken by certain group entities.

b) Transactions and outstanding balances in the nature of reimbursement of expenditure incurred by one Company on behalf of the other have not been considered above.

**xlvi.** Previous year figures have been re-grouped and reclassified, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Reg. No. 007568S  
Chartered Accountants

**For Brahmaya & Co.**  
Firm Reg. No. 000511S  
Chartered Accountants

**Dr. P. Kotaiah**  
Director

**G. Venkatesh Babu**  
Managing Director

**Avijit Mukerji**  
Partner  
M. No. F56155  
Place: Gurgaon  
Date: June 11, 2010

**N. Sri Krishna**  
Partner  
M. No. 26575

**C. Krishna Kumar**  
Sr. Vice President &  
Company Secretary

**T. Adi Babu**  
Director Finance

## Consolidated Cash Flow Statement for the year ended March 31, 2010

	(Rs. Millions)	
	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Profit before taxation, minority interest and share of profits of associates	9,321.53	5,530.12
<b>Adjustments for:</b>		
Depreciation	3,478.80	1,073.39
(Profit) / Loss on sale of Fixed Assets	8.34	4.90
Interest Income	(621.67)	(396.67)
Interest Expenses	4,672.19	2,634.98
Dividend Income	(70.97)	(76.48)
Elimination of Unrealised Profit on Transactions with associates	755.31	647.59
Liabilities no longer required written back	(18.85)	(21.71)
Provision for Advances / Claims / Debts	21.14	14.40
ESOP charged during the year	570.85	57.31
Loss / (Gain) on Foreign Exchange Fluctuation	(724.01)	412.02
(Profit) / Loss on Sale of Investment	(146.18)	24.07
<b>Cash generated from Operations before Working Capital Changes</b>	<b>17,246.48</b>	<b>9,903.92</b>
<b>Adjustments for:</b>		
Inventories	(3,044.14)	(4,699.44)
Trade and other receivables / other assets	(12,920.11)	(4,803.73)
Current Liabilities and Provisions	3,419.86	3,654.16
<b>Cash generated from operations</b>	<b>4,702.09</b>	<b>4,054.91</b>
Direct Taxes Paid	(3,145.19)	(1,672.35)
<b>Net Cash from Operating Activities</b>	<b>1,556.90</b>	<b>2,382.56</b>
<b>B. Cash Flow from / (used in) Investing Activities</b>		
Purchase of fixed assets	(15,383.18)	(13,206.90)
Sale of fixed assets	30.41	16.49
Purchase of Long Term Investments	(6,055.03)	(3,320.14)
(Purchase) / Sale of Current Investments (Net)	(6,285.82)	(212.29)
Proceeds from sale of subsidiaries	378.43	-
Inter Corporate Deposits Given	(1,210.00)	-
Proceeds from / (Investment in) Long Term Fixed Deposits (Net)	383.00	(439.11)
(Advance) / Refund of Share Application Money (Net)	(1,028.40)	(735.34)
Dividend Income	70.97	76.48
Interest received	689.67	373.44
<b>Net Cash from / (used in) Investing Activities</b>	<b>(28,409.94)</b>	<b>(17,447.37)</b>
<b>C. Cash Flow from / (used in) Financing Activities</b>		
Proceeds from issue of equity shares	7,273.50	4.05
Share issue expenses	(142.45)	(29.96)
Proceeds from ESOP Shares (including Securities Premium)	618.16	21.16
Proceeds from / (to) Minority Interest	(839.88)	387.93
Proceeds / (Repayments) from / of Short Term Borrowings (Net)	5,919.23	5,189.12
Proceeds from Long Term Borrowings	28,648.55	18,557.36
Repayment of Long Term Borrowings	(6,033.74)	(1,219.41)
Interest paid	(8,484.15)	(5,791.28)
<b>Net Cash from / (used in) Financing Activities</b>	<b>26,959.22</b>	<b>17,118.97</b>
<b>Net Increase / (decrease) in Cash and Cash Equivalents</b>	<b>106.18</b>	<b>2,054.16</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>7,553.88</b>	<b>5,499.70</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>7,660.06</b>	<b>7,553.88</b>
<b>Supplementary Information</b>		
<b>Cash and Bank Balances as per Balance Sheet</b>	<b>9,627.71</b>	<b>9,904.53</b>
Less: Investment in Long term deposits with scheduled banks	1,967.65	2,350.65
<b>Balance considered for Cash Flow Statement</b>	<b>7,660.06</b>	<b>7,553.88</b>

## Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements' as notified under Section 211(3C) of the Companies Act, 1956.
- Cash and Bank Balances include margin money deposits amounting to Rs. 440.31 (Previous year - Rs. 371.45) Millions.
- Previous year's figures have been regrouped and reclassified to confirm to those of the current year.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

**For Price Waterhouse**  
Firm Reg.No.007568S  
Chartered Accountants

**For Brahmayya & Co**  
Firm Reg.No.000511S  
Chartered Accountants

**Dr. P. Kotaiah**  
Director

**G. Venkatesh Babu**  
Managing Director

**Avijit Mukerji**  
Partner  
M.No. F56155  
Place: Gurgaon  
Date: June 11, 2010

**N. Sri Krishna**  
Partner  
M.No. 26575

**C. Krishna Kumar**  
Sr. Vice President &  
Company Secretary

**T. Adi Babu**  
Director Finance



# Statement pursuant to Section 212 of the Companies Act 1956, relating to Subsidiary Companies

Rs. in Millions

Particulars	Lanco Kondapalli Power Private Limited		Aban Power Company Limited		Lanco Power Trading Limited		Lanco Amarkantak Power Limited		LancoEnergy Private Limited		Lanco Green Power Private Limited		Lanco Hydro Power Ventures Private Limited	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Capital	3400.01	3400.01	1318.20	1318.20	365.29	265.29	5348.23	4525.78	239.61	239.61	750.00	354.10	1351.50	1351.50
Reserves	6389.62	4270.06	1995.25	1547.25	156.49	71.44	636.57	26.19	-	-	-	-	-0.29	0.73
Liabilities	12309.96	9407.79	1936.27	2275.50	1323.15	684.06	25963.64	22311.98	9488.30	6603.90	3575.75	2122.26	624.94	75.83
Total Liabilities	22099.59	17077.86	5140.95	5140.95	1844.93	1020.79	31948.44	26863.95	9727.91	6843.51	4325.75	2476.36	1976.15	1428.06
Total Assets	22099.59	17077.86	5140.95	5140.95	1844.93	1020.79	31948.44	26863.95	9727.91	6843.51	4325.75	2476.36	1976.15	1428.06
Details of Investment														
(Except Investment in subsidiaries)	0.00	0.00												
Turnover	10571.83	12320.11	1716.34	1949.71	19544.27	12369.07	6047.12	-	-	-	188.49	-	-	-
Profit Before Taxation	2679.12	1556.17	700.05	605.77	130.77	82.70	1054.21	-	-	-	-	-	5.60	28.20
Provision for Taxation	559.56	179.97	252.06	69.15	45.72	28.87	443.84	-	-	-	-	-	5.47	(0.40)
Profit After Taxation	2119.56	1376.20	447.99	536.62	85.05	53.84	610.37	-	-	-	-	-	0.82	0.00
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	4.65	(0.41)

Particulars	Lanco Hydro Energies Private Limited		Vanshi Hydro Energies Private Limited		Mercury Projects Private Limited		Lanco Vidarbha Thermal Power Private Limited		Lanco Solar Private Limited		Lanco Wind Power Private Limited		Amrutha Power Private Limited		Spire Rotor Private Limited	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Capital	579.05	180.95	210.77	135.47	0.10	0.10	20.11	0.10	0.10	0.10	50.00	50.00	0.99	0.99	0.10	0.10
Reserves	-	-	(53.40)	(8.22)	4.42	4.53	-	-	-	-	-	-	-	-	-	-
Liabilities	1677.27	760.85	656.03	666.93	3064.99	1379.68	3708.54	5.12	325.57	117.81	331.38	316.15	6.59	6.59	0.01	0.01
Total Liabilities	2256.32	941.80	813.40	794.18	3069.51	1384.31	3728.65	5.22	325.67	117.91	381.38	366.15	7.58	7.58	0.11	0.11
Total Assets	2256.32	941.80	813.40	794.18	3069.51	1384.31	3728.65	5.22	325.67	117.91	381.38	366.15	7.58	7.58	0.11	0.11
Details of Investment																
(Except Investment in subsidiaries)	112.55	-	-	-	-	-	-	-	-	-	-	6.62	-	-	-	-
Turnover	-	-	51.53	2.17	0.36	3.56	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	-	-	(46.16)	(7.22)	(0.80)	2.89	-	-	-	-	-	-	-	-	-	-
Provision for Taxation	-	-	(0.99)	(1.01)	-	0.96	-	-	-	-	-	-	-	-	-	-
Profit After Taxation	-	-	(45.17)	(8.22)	(0.80)	1.94	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Lanco Hills Technology Park Private Limited		Telesco Properties Private Limited		Cordelia Properties Private Limited		Dione Properties Private Limited		Deimos Properties Private Limited		Pearl Farms Private Limited		Uranus Projects Private Limited		Neptune Projects Private Limited		Leda Properties Private Limited		Thebe Properties Private Limited		Jupiter Infratech Private Limited						
	LHTPPL	2009-10	2008-09	TePPL	2009-10	2008-09	CPPL	2009-10	2008-09	DePPL	2009-10	2008-09	PPPL	2009-10	2008-09	NPPL	2009-10	2008-09	LPPL	2009-10	2008-09	TPPL	2009-10	2008-09	JPL	2009-10	2008-09
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Capital	4250.00	2250.00	16.10	16.10	17.46	17.46	17.46	2.82	2.82	22.16	22.16	10.22	10.22	10.22	6.25	8.84	8.84	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Reserves	(123.32)	263.24	-	-	-	-	-	-	-	-	-	(24.07)	(24.07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities	15772.33	13786.32	0.50	0.48	1.26	1.21	39.43	39.11	12.72	12.69	24.23	24.23	0.61	0.02	9.93	9.88	67.01	66.41	131.61	131.41	14.69	14.69	14.64	14.64	14.64	14.64	14.64
Total Liabilities	19899.01	16299.56	16.60	16.58	18.72	18.67	42.25	41.93	34.88	34.85	10.38	10.38	10.38	6.86	18.77	18.72	67.11	66.51	131.71	131.51	14.79	14.79	14.74	14.74	14.74	14.74	14.74
Total Assets	19899.01	16299.56	16.60	16.58	18.72	18.67	42.25	41.93	34.88	34.85	10.38	10.38	10.38	6.86	18.77	18.72	67.11	66.51	131.71	131.51	14.79	14.79	14.74	14.74	14.74	14.74	14.74
Details of Investment																											
Except Investment in subsidiaries	894.84	1250.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover	(256.72)	1574.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	(382.85)	65.58	-	-	-	-	-	-	-	-	-	-	(24.07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Taxation	3.71	27.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit After Taxation	(386.56)	38.00	-	-	-	-	-	-	-	-	-	-	(24.07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Particulars	Cressida Properties Private Limited			Uranus Infraitech Private Limited			Coral Orchids Private Limited			Lanco Enterprise Pte Limited			Lanco Infraech (Mauritius) Limited			PT. Lanco Indonesia Energy		
	CRPPL			UIPL			COPL			LEnPL			LIML			LinE		
Reporting Currency	2009-10	2008-09		2009-10	2008-09		2009-10	2008-09		2009-10	2008-09		2009-10	2008-09		2009-10	2008-09	
	INR	INR		INR	INR		INR	INR		US\$	US\$		US\$	US\$		NDR	NDR	
Exchange Rate as on the last day of Financial Year										45.14	50.72		45.14	50.72		0.00481		
Capital	0.10	0.10		0.10	0.10		0.10	0.10		45.14	-		45.14	0.00		4.90	-	
Reserves	-	-		-	-		-	-		(12.83)	-		(0.32)	(0.18)		0.31	-	
Liabilities	32.31	31.81		12.94	12.89		43.52	43.31		1304.51	-		0.32	50.90		9.67	-	
Total Liabilities	32.41	31.91		13.04	12.99		43.62	43.41		1336.82	-		45.14	50.72		14.88	-	
Total Assets	32.41	31.91		13.04	12.99		43.62	43.41		1336.82	-		45.14	50.72		14.88	-	
Details of Investment (Except Investment in subsidiaries)																		
Turnover	-	-		-	-		-	-		-	-		-	-		0.01	-	
Profit Before Taxation	-	-		-	-		-	-		(13.01)	-		(0.20)	(0.19)		(3.09)	-	
Provision for Taxation	-	-		-	-		-	-		-	-		-	-		-	-	
Profit After Taxation	-	-		-	-		-	-		(13.01)	-		(0.20)	(0.19)		(3.09)	-	
Proposed Dividend	-	-		-	-		-	-		-	-		-	-		-	-	

## Persons constituting group as defined under the Monopolies and Restrictive Trade Practices Act, 1969 as on 31.03.2010:

1. Lanco Kondapalli Power Private Limited
2. Lanco Power Trading Limited
3. Lanco Hydro Power Ventures Private Limited
4. Lanco Hills Technology Park Private Limited
5. Aban Power Company Limited
6. Lanco Energy Private Limited
7. Lanco Green Power Private Limited
8. Lanco Amarkantak Power Limited
9. Telesto Properties Private Limited
10. Cordelia Properties Private Limited
11. Dione Properties Private Limited
12. Deimos Properties Private Limited
13. Pearl Farms Private Limited
14. Uranus Projects Private Limited
15. Neptune Projects Private Limited
16. Mercury Projects Private Limited
17. Lanco Wind Power Private Limited
18. Lanco Solar Private Limited
19. Lanco Enterprise Pte. Ltd.
20. Lanco Infratech (Mauritus) Limited
21. Lanco Hydro Energies Private Limited
22. Vamshi Industrial Power Limited
23. Vamshi Hydro Energies Private Limited
24. Amrutha Power Private Limited.
25. Spire Rotor Private Limited.
26. Lanco Vidharbha Thermal Power Pvt. Ltd.
27. Coral Orchids Private Limited
28. Cressida Properties Private Limited
29. Leda Properties Private Limited
30. Thebe Properties Private Limited
31. Jupiter Infratech Private Limited
32. Uranus Infratech Private Limited
33. Pt. Lanco Indonesia Energy
34. Udupi Power Corporation Ltd.
35. Lanco Anpara Power Limited.
36. Lanco Hoskote Highway Private Limited
37. Lanco Devihalli Highways Private Limited
38. Gneting Lanco Power (India) Pvt. Ltd.
39. Lanco Babandh Power Limited.
40. Portia Properties Private Limited
41. Charon Trading Private Limited
42. Mimas Trading Private Limited
43. Lanco Transport Network Co. Pvt. Ltd.
44. Lanco Industries Limited
45. Lanco Net Limited
46. Lanco Projects Limited
47. Lanco Property Management Company Private Limited
48. Lanpro Trustee Company Private Limited
49. Lanfin Ventures Private Limited
50. Lanfin Trustee Private Limited
51. Himavat Power Private Limited
52. Pragdisa Power Private Limited
53. Vainateya Power Private Limited
54. Chamba Hydro Power Private Limited
55. Chatari Hydro Power Private Limited
56. Dharamshala Hydro Power Private Limited
57. Diyothal Hydro Power Private Limited
58. Mehad Hydro Power Private Limited
59. Parvat Hydro Power Private Limited
60. Chobia Hydro Power Private Limited
61. Ravi Hydro Electric Private Limited
62. Himachal Hydro Power Private Limited
63. Jubilee Hydro Power Private Limited
64. Emerald Orchids Private Limited
65. Uranus Properties Private Limited
66. LARSCO Entertainment Private Limited
67. D.R.S Resorts Private Limited
68. Venu Agro Farms Private Limited
69. Bhaskar Biotech Private Limited
70. Siri Agrotech Private Limited
71. Siri Groves Private Limited
72. GVRN Agro Estates Private Limited

## Persons constituting group as defined under the Monopolies and Restrictive Trade Practices Act, 1969 as on 31.03.2010:

- |   |  |
|---|--|
| 73. Bhaskar Orchids Private Limited               | 105. Belinda Properties Private Limited                      |
| 74. Bhaskar Agro Farms Private Limited            | 106. Nix Properties Private Limited                          |
| 75. GVRN Groves Private Limited                   | 107. Tethys Properties Private Limited                       |
| 76. GVRN Orchids Private Limited                  | 108. Phoebe Trading Private Limited.                         |
| 77. GVRN Farms and Real Estates Private Limited   | 109. Calliban Trading Private Limited.                       |
| 78. Siri Orchids Private Limited                  | 110. Callisto Trading Private Limited.                       |
| 79. Venu Orchids Private Limited                  | 111. Helene Properties Private Limited                       |
| 80. Century Investments Limited                   | 112. Despina Properties Private Limited.                     |
| 81. Third Millennium Investments Limited          | 113. Pasiphae Properties Private Limited.                    |
| 82. Island Power Ventures Limited                 | 114. Sinope Properties Private Limited.                      |
| 83. Pam Corporation Limited                       | 115. Thalassa Properties Private Limited.                    |
| 84. Trade Crown Investment Limited                | 116. Aludra Properties Private Limited.                      |
| 85. Vitruval International Limited                | 117. Castula Properties Private Limited.                     |
| 86. Shore Investments Limited                     | 118. Tabit Properties Private Limited.                       |
| 87. Pacific Power Ventures Limited                | 119. Talitha Properties Private Limited.                     |
| 88. Fremont Ventures Limited                      | 120. Zania Properties Private Limited.                       |
| 89. S.V. Contractors                              | 121. Lanco Horizon Properties Pvt. Ltd.                      |
| 90. Lanco Institute of General Humanitarian Trust | 122. Lanco Solar Energies Pvt. Ltd.                          |
| 91. Larsco Estates                                | 123. Sigma Powertech Services Pvt. Ltd.                      |
| 92. Lanco Power Transmission Private Limited      | 124. Lanco Kerala Seaports Private Limited                   |
| 93. L. Madhusudhan Rao                            | 125. Carretera Transport Infra private limited               |
| 94. G. Bhaskara Rao                               | 126. Lanco Bay Technology Park Pvt. Ltd.                     |
| 95. L. Sridhar                                    | 127. Hastinapur Properties Private Limited                   |
| 96. Lanco Group Limited                           | 128. Garnet Infrastructure & Power Ventures Private Limited. |
| 97. L. Rajagopal                                  | 129. Jubilee Media Comm. Private Limited                     |
| 98. G. Padmavathi                                 | 130. Bhanu Solar Projects Private Limited                    |
| 99. L. Venkata Ramanaidu                          | 131. Omega Solar Projects Private Limited                    |
| 100. L. Rama Lakshamma                            | 132. Orion Solar Projects Private Limited                    |
| 101. L. Padma                                     | 133. Khaya Solar Projects Private Limited                    |
| 102. Prince Stone Investments Limited             | 134. Sabitha Solar Projects Private Limited                  |
| 103. Ananke Properties Private Limited            | 135. Diwakar Solar Projects Private Limited                  |
| 104. Bianca Properties Private Limited            |  |

NOTES



## NOTES



NOTES





## NOTES



## NOTES







**Lanco Infratech Limited**

**Registered Office**

Plot No.4, Software Units Layout, HITEC City, Madhapur,  
Hyderabad - 500 081. Andhra Pradesh, India

**Corporate Office**

Lanco House, Plot No.397, Udyog Vihar, Phase III. Gurgaon - 122 016,  
Haryana, India.

[www.lancogroup.com](http://www.lancogroup.com)