

ALWAYS INSPIRING



The New Brand Identity

The old brand identity of Lanco had its roots in the Group's Ferro-alloy initiatives in the early nineties. The Organization's rapid growth and evolution subsequently and specially in expanding geographies, values and culture, naturally called for a more relevant and dynamic expression.

Months of rigour and a few thousand attempts later, the new Brand Identity was formed and firmed upon.

The Brand Identity Elements & their Significance:

The Font

- Strong, Solid, Simple – the Font is contemporary and easy to read
- Besides strength & solidity (of foundation and values) it signifies a certain boldness and youthful aggression

The Colour Red signifies

- Passion
- Power
- Energy
- Youth

The Lanco Edge



The Lanco Edge

The visual mnemonic in the shape of an upward moving arrow has been sub-branded as “The Edge” and represents the key differentiator for LANCO. The Edge is therefore the visual symbolization of the distinct value-advantage that LANCO offers to its stakeholders, partners and employees.

“**The Edge**” is aesthetically placed as the cross-bar of the alphabet “A” and integrates seamlessly with the rest of the logo

Yet it may be leveraged as an independent entity across internal communication, media innovations, as a symbol, and as a recurring element in various expressions representing the LANCO credo

The Tilt (of the Edge): Upward & Forward Progress

The Fine Edge: Sharp (Learning) Minds with Incisive Business Focus

Sharp (and Distinctive) Value addition on the focus area

Lanco’s drive of nurturing a breed of Quality People who fulfill the 3 dimensions of Leadership, Entrepreneurship and Ownership is also imbibed in the new identity.

- **Leadership:** The logo reflects the Lanconian drive in setting direction, influencing people positively and enabling processes
- **Entrepreneurship:** The logo represents the spirit of “dare to dream” and subsequently to fulfil the dream in a manner that allows excellence, accomplishment, innovation and change. Robust and dynamic, the entrepreneur is well equipped to make every business plan a success
- **Ownership:** The logo exudes confidence which stands for Lanco’s drive to make every Lanconian accountable in thought, word and deed. It represents an ‘only results’ attitude where the enterprise is above the individual

Overall this new Brand Identity signifies the coming of age of Lanco in a decisive and visionary manner.

Inspired to constantly make things better, we, at Lanco EPC, have renewed our responsibilities and are determined to provide the best value to our customers by bringing in the latest technology and the best practices.

Our Human Resources and Engineering excellence build large Super-Critical Thermal Power Projects and very complex Hydro Projects. Our expertise spans the entire Engineering, Procurement and Construction realm of Roads, Ports, Buildings, Bridges, Solar, Water, Oil & Gas.

With the experience of providing a wide range of 'concept to commissioning' solutions across India, Lanco EPC is now set to emerge as a leading EPC player globally.

The image shows the bottom right corner of a page with a white background. In the bottom right corner, there are two large, bold, grey letters, 'E' and 'A', which are partially cut off by the edge of the page. The 'E' is on the left and the 'A' is on the right, both rendered in a simple, blocky, sans-serif font.



It has been 25 years since we made a humble beginning. Inspiration is what is driving us all along in this journey, as we continue to make things better around us. Our existing portfolio of 9300 MW (under operation & construction) and 7000 MW under development - spread across 10 states of the country - is a glowing example of the value an independent power producer can bring on to the table. Today, we at Lanco Power, have renewed our responsibilities and are more inspired than ever before to move to the next level.

As we adorn a new identity, we are filled with a new inspiration to become a leading player in the Power Sector – across Hydro, Gas, Coal, Transmission, Distribution and Trading.

POW



WEER

Inspired to constantly make things better, at Lanco Solar, we are determined to become one of the largest integrated solar players in the world. Here, we bring in a unique proposition of an integrated solar business model. This model is built on our expertise in manufacturing (for Solar PV - Polysilicon, Wafer, Cells and Modules) , Global scale EPC execution (at ground-mounted Solar PV farms and Solar Thermals) and the development of global Solar Projects, Products and Systems.

Integrating across the entire solar value chain, we aim to deliver robust growth in the future by embracing proven technology and making solar energy affordable to everyone.

SOL

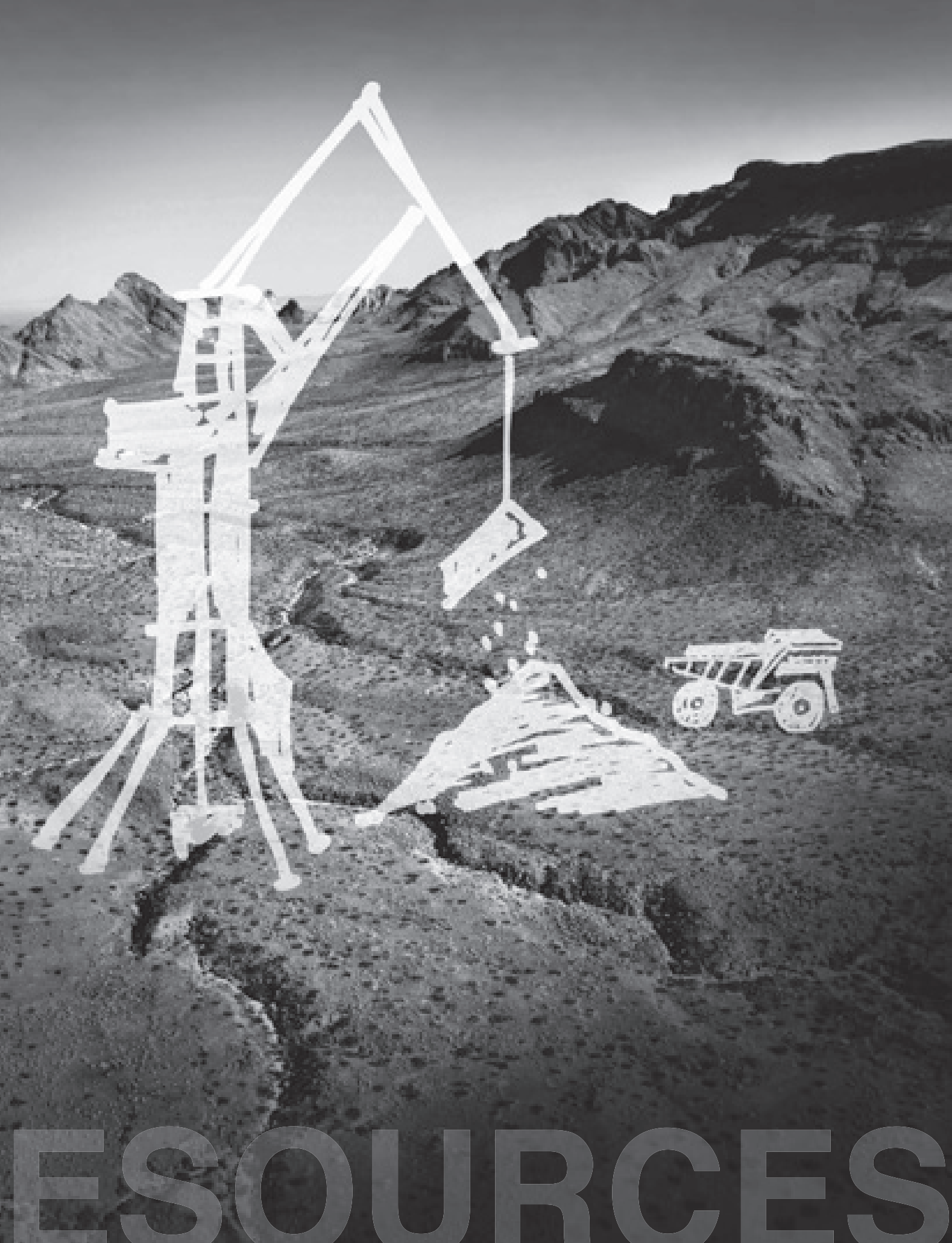


A B

Inspired to constantly make things better, we took a giant leap this year with the acquisition of Griffin mines. We have also emerged as the successful bidder for developing the Mahatamil coal block in Chhattisgarh. These initiatives have added over 2 billion tons of coal resources business in our portfolio surpassing many of our peers and providing fuel security for our thermal power plants.

Consolidating our position in the coal sector, we are scouting for opportunities to build our coal assets not only in India but also in Indonesia and the African region.

NATURAL R



RESOURCES

Inspired to constantly make things better, we at Lanco are developing two major National Highway projects in Karnataka with a total length of 163 km on BOT basis. We are also developing a 283 km toll road on NH 91 in Uttar Pradesh on DBFOT basis. Our port project includes the development of 3 mtpa fully mechanized captive coal jetty with associated coal handling facility at the New Mangalore port in Karnataka.

We are focused on pursuing growth opportunities in major Infrastructure segments such as ports (including Australia), Highways, Roads and Oil & Gas.

INFRASTRUCTURE



STRUCTURE

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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
Mr. S.C. Manocha	- Whole-Time Director
Dr. P. Kotaiah	- Director
Mr. P. Abraham	- Director
Dr. Uddesh Kumar Kohli	- Director
Mr. P. Narasimharamulu	- Director
Dr. B. Vasanthan	- Director

Chief Financial Officer: Mr. J. Suresh Kumar

**Executive Director and
Company Secretary:** Mr. C. Krishnakumar

Auditors: **S.R. Batliboi & Associates**
Chartered Accountants,
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurgaon-122 002, Haryana, India.

Brahmayya & Co.,
Chartered Accountants,
No. 48, Masilamani Road, Balaji Nagar, Royapettah,
Chennai – 600 014, Tamil Nadu, 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
Website: 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 1878

**Bankers and Financial Institutions:
of the Company**

Axis Bank Limited
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 India
State Bank of Mysore
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
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
United 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: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

YEAR AT A GLANCE - CONSOLIDATED

Particulars	₹ in Lakhs		Change
	2010-2011	2009-2010	(%)
Profit and Loss Account			
Gross Revenue	1,130,272	959,069	18
Less: Elimination of Inter Segment Revenue	326,078	129,919	151
Net Revenue	804,194	829,150	-3
Profit Before Depreciation, Interest and Taxation	214,866	171,098	26
Eliminated Profit on transactions with Subsidiaries	45,811	9,355	390
Profit Before Depreciation, Interest and Taxation Plus Elimination	260,677	180,453	44
Depreciation / Amortisation	35,373	34,788	2
Profit Before Interest and Taxation Plus Elimination	225,304	145,665	55
Interest and Finance Charges	75,545	35,541	113
Profit Before Taxation Plus Elimination	149,759	110,123	36
Provision for Taxation (Including Deferred Tax and MAT Credit Entitlement)	38,496	36,428	6
Profit After Tax (Before Minority Interest and Share of Profits from Associates) Plus Elimination	111,263	73,695	51
Share of Minority Interest	17,033	9,152	86
Share of Profits / (Loss) from Associates	261	-1,780	115
Profit After Tax (After Minority Interest and Share of Profits from Associates) Plus Elimination	94,491	62,763	51
Elimination of Profit on Transactions with Subsidiaries and Associates	49,884	16,908	195
Profit After Tax (After Minority Interest and Share of Profits from Associates)	44,607	45,855	-3
Cash Profit	130,199	99,796	30
Balance Sheet			
Share Capital	23,872	23,855	0
Stock Options Outstanding	4,663	7,460	-37
Reserves & Surplus	433,778	303,163	43
Net Worth	462,313	334,478	38
Eliminated Profit on Transactions with Subsidiaries and Associates	84,195	34,310	145
Net Worth Plus Elimination	546,508	368,788	48
Minority Interest	84,532	71,082	19
Loan Funds	1,665,171	836,138	99
Deferred Tax Liability (net)	53,682	10,030	435
Gross Fixed Assets	1,230,280	616,439	100
Accumulated Depreciation / Amortisation	196,675	108,666	81
Net Fixed Assets	1,033,605	507,773	104
Capital Work In Progress (including Capital Advances)	530,468	192,373	176
Investments	319,494	201,414	59
Current Assets	1,029,894	700,947	47
Total Assets	2,913,461	1,602,507	82
Current Liabilities and Provisions	647,764	350,780	85
Net Current Assets	382,130	350,168	9
Cash Flow Statement			
Cash from Operating Activities before Elimination	326,035	19,895	1,539
Earning Per Share (In ₹)			
Basic	1.92	2.05	-6
Diluted	1.90	2.02	-6
No. of Employees	6,761	5,323	27

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

₹ Lakhs

	CONSOLIDATED		STANDALONE	
	Year Ended March 31		Year Ended March 31	
	2011	2010	2011	2010
INCOME				
Sales, Operating and Other Income	8,04,193.76	8,29,150.01	5,91,518.42	5,99,821.36
Profit Before Taxation	1,03,947.78	1,00,768.49	42,031.59	72,010.30
Provision for Taxation	38,495.90	36,428.40	14,200.00	23,372.19
Net Profit after Taxation	65,451.88	64,340.09	27,831.59	48,638.11
Add: Share of Profit/(Loss) of Associates	261.13	(1,779.66)	-	-
Less: Elimination of Unrealized Profit on Transactions with Associate Companies	4,073.48	7,553.14	-	-
Less: Share of Minority Interest	17,032.65	9,152.40	-	-
Net Profit after Taxation, Minority Interest and Share of Profits of Associates	44,606.88	45,854.89	-	-
Surplus brought forward	1,19,810.35	77,955.34	1,07,176.33	58,538.22
Profit Available for Appropriation	1,64,417.23	1,23,810.23	1,35,007.92	1,07,176.33
Transfer (from)/to Debenture Redemption Reserve	-	(242.27)	-	-
Transferred to General Reserve	3,000.00	1,900.00	-	-
Balance Carried to Balance Sheet	1,61,417.23	1,22,152.50	1,35,007.92	1,07,176.33

DIVIDEND

As a measure of prudence and with a view to conserve resources for funding the business plans of the Company, no dividend on the Equity Shares for the year ended 31st March, 2011 was recommended.

OPERATIONS REVIEW

On a Consolidated basis your Company has reported Gross Revenues of ₹ 8,04,193.76 Lakhs as against ₹ 8,29,150.01 Lakhs of Revenues registered in the Previous Year. Total Expenditure for the Year was ₹ 7,00,245.98 Lakhs as against ₹ 7,28,381.52 Lakhs in the Previous Year. The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to ₹ 2,14,866.05 Lakhs while the same was ₹ 1,71,097.50 Lakhs for the Previous Year i.e. an increase of 26%. The Profit Before Taxation stood at ₹ 1,03,947.78 Lakhs, an increase of 3% as compared to ₹ 1,00,768.49 Lakhs in the Last Year.

The Net Profit after Tax after adjustment of Minority Interest and Share of Profits of Associates was ₹ 44,606.88 Lakhs as against ₹ 45,854.89 Lakhs for the Previous Year.

Gross Interest and Finance charges on consolidated basis amounted to ₹ 75,544.86 Lakhs in comparison to ₹ 35,541.08 Lakhs 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 placed at **Annexure-II** to this report.

SUBSIDIARY COMPANIES

During the year, the following companies have become subsidiaries of the Company:

Lanco Solar Energy Private Limited (Formerly known as Lanco Solar Projects (India) Private Limited), Bhanu Solar Projects Private Limited, Diwakar Solar Projects Private Limited, Khaya Solar Projects Private Limited, Himavat Power Private Limited, Arneb Power Private Limited, Regulus Power Private Limited (Formerly known as Nandigama Power Private Limited), Lanco Kanpur Highways Limited, JH Patel Power Project Private Limited, Lanco Solar Services Private Limited, Lanco Solar Holding Netherland BV, Lanco Solar International Pte Limited, Lanco Holding Netherland BV, Green Solar SRL, Lanco Enterprise Pte Limited (China), Lanco Solar International Limited, Lanco Italy PV1 Investments BV, Lanco Italy PV2 Investments BV, Lanco Spain PV1 Investments BV, Lanco Solar International USA Inc., LE New York – LLC, Lanco Resources International Pte Limited, Lanco Power International Pte Limited, Lanco Resources Australia Pty Limited, The Griffin Coal Mining Company Pty Limited, Carpenter Mine Management Pty Limited, Lanco Energy Africa, Inversion Solar Andalucia 14 SLU, Lanco Rocky Face Land Holdings LLC, Lanco Tracy

City Land Holding LLC (USA), Lanco North Park Land Holding One LLC (USA), Lanco North Park Land Holding Two LLC (USA), Apricus S.R.L., Lanco Solar Project Development SLU.

During the year, the names of the following subsidiaries have been changed:

Lanco Kondapalli Power Limited (Formerly Lanco Kondapalli Power Private Limited), Lanco Tanjore Power Company Limited (Formerly Aban Power Company Limited), National Energy Trading and Services Limited (Formerly Lanco Power Trading Limited), Lanco Teesta Hydro Power Private Limited (Formerly Lanco Energy Private Limited), Lanco Budhil Hydro Power Private Limited (Formerly Lanco Green Power Private Limited), Lanco Mandakini Hydro Energy Private Limited (Formerly Lanco Hydro Energies Private Limited), Lanco Power Limited (Formerly Lanco Amarkantak Power Limited), Lanco Vidarbha Thermal Power Limited (Formerly Lanco Vidarbha Thermal Power Private Limited), Regulus Power Private Limited (Formerly Nandigama Power Private Limited), Lanco International Pte Limited (Formerly Lanco Enterprise Pte Limited).

NOTE ON PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of the provisions of Section 212 of the Companies Act, 1956, the Company was required to attach the Annual Reports of the Subsidiary Companies and the related detailed information to the Balance Sheet of the Holding Company. However, the Ministry of Corporate Affairs vide their General Circular No. 2/2011 dated 8th February, 2011 granted general exemption to the Companies under Section 212(8) from the requirement to attach detailed financial statements of each subsidiary. Accordingly, the Annual Report does not contain the financial statements of the subsidiaries. The detailed financial statements and audit reports of each subsidiary are available for inspection at the registered office of the Company and upon written request from a shareholder, your Company will arrange to send the financial statements of subsidiary companies to the said shareholders.

HEALTH, SAFETY AND ENVIRONMENT

The Lanco group has adopted focused approach on the subject of Health, Safety and Environment (HSE) by creating awareness and synergies among the business units. This journey aims towards a phase of sustainable growth, characterized by a holistic approach that is fully integrated into business models.

Many of the plants and project sites are conferred with the coveted Integrated Management System (ISO 9001, ISO 14001 & OHSAS 18001) bringing sustained efforts and a better perspective towards achieving HSE excellence. During the year, Lanco Tanjore Power Company Limited (Formerly Aban Power Company Limited) received the Safety Appreciation Award from National Safety Council (February, 2010) and the G3 - Good Green Governance Award at Delhi for its best eco-friendly practices.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. P. Kotaiah, Mr. P. Abraham and Mr. G. Bhaskara Rao, Directors retire by rotation and being eligible offer themselves for re-appointment.

Your Board of Directors re-appointed Mr. L. Madhusudhan Rao as Executive Chairman and Mr. G. Bhaskara Rao as Executive -

Vice Chairman for a further period of 5 years with effect from 1st April, 2011 and Mr. G. Venkatesh Babu as Managing Director of the Company for a further period of 5 years with effect from 24th June, 2011. These re-appointments are subject to approval of the Members at the ensuing Annual General Meeting.

During the Financial Year 2010-11, the Board of Directors appointed Mr. S. C. Manocha as an Additional Director with effect from 14th August, 2010. He was also appointed as a Wholetime Director for a period of five years from the same date, subject to the approval of the Members at the ensuing Annual General Meeting. In terms of Section 260 of the Companies Act, 1956 he shall hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received requisite Notice in writing from a Member proposing his candidature for the office of Director liable to retire by rotation.

DEPOSITS

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

AUDITORS

S.R. Batliboi & Associates, Chartered Accountants and Brahmayya & Co., Chartered Accountants, Auditors of the Company, will retire at the conclusion of the Annual General Meeting.

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

COST AUDITORS

Pursuant to Order from the Ministry of Corporate Affairs, DZR & Co., Cost Accountants have been appointed as Cost Auditors for the year 2011-12. They are required to submit the report to the Central Government within 180 days from the end of the accounting year.

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 (the Act). Pursuant to the Companies (Central Government's) General Rules and Forms, 1956 read with Section 219 of the Act, the Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required by Section 217(1)(e) of the Act, read with the 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 PLANS

The Employees Stock Option Plan – 2006 and the Employees Stock Option Plan – 2010 were approved by shareholders by passing Special Resolutions in the Extraordinary General Meeting held on 7th June, 2006 and Annual General Meeting held on 31st July, 2010, respectively.

The required information relating to the said schemes pursuant to Clause 12 of the SEBI (ESOS/ESOP) Guidelines, 1999, are enclosed as **Annexure-I**.

PARTICULARS OF EMPLOYEES

We present the abridged accounts under Section 219 of the Companies Act, 1956 (the Act). Pursuant to the Companies (Central Government's) General Rules and Forms, 1956 read with Section 219 of the Act, the Particulars of Employees as required by Section 217(2A) of the Act, read with the Companies (Particulars of Employees) 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) of the Listing Agreement 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 the said Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, your 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 AUDITORS' OBSERVATIONS

The Auditors' Report on the Standalone Financial Statements does not contain any qualification. The observations of the Auditors in Paragraphs 4 & 5 in their Report on Consolidated Financial

Statements read with Note nos. 4(xxiii) and 4 (xxvii) of Schedule 21 of the consolidated financial statements provide fullest information and explanation and hence are not required to be reiterated.

RECENT DEVELOPMENTS

Lanco through its Australian subsidiary, Lanco Resources Australia Pty Limited, has acquired The Griffin Coal Mining Pty Ltd (GCM) and Carpenter Mine Management Pty Ltd (CMM). Griffin Coal owns operational thermal coal mines in Western Australia, having coal resources of 1.1 billion tonnes and producing over 4 million tonnes per annum (mtpa) of coal which can be ramped up to over 15 mtpa in the near term.

A case was filed by Perdaman Chemical and Fertilizers Pty. Ltd ("Perdaman") claiming damages against The Griffin Coal Mining Company Pty Ltd and the directors of the same, also including the Company and Lanco Resources Australia Pty. Ltd, another subsidiary of the Company in the Supreme Court of Western Australia alleging breach of a coal supply agreement and also alleging breach of the Australian Consumer Law.

In response, the Company has appointed Clifford Chance, a renowned multinational law firm and one of the top queen counsel of Australia to represent us in the Court. Time till 2nd September, 2011 has been granted to us to file the counter reply.

Further in respect to the application moved by Perdaman in the Court seeking an undertaking from The Griffin Coal Mining Company Pty Ltd that it will not enter into any charge, pledge or security with regard to its coal asset without giving Perdaman a notice of 10 days, the hearings in that matter have been completed on 27th July, 2011 and the decision thereon may be pronounced in course of time.

ACKNOWLEDGEMENT AND APPRECIATION

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

For and On behalf of the Board

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

G. Venkatesh Babu
Managing Director
DIN - 00075079

Place : Gurgaon,
Date : 29.07.2011

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			
Sr. No.	Description	Employee Stock Options Plan 2006	
1	Total Number of Options under the plan	111,180,960	
2	Options granted during the year	11,696,495	
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, 2011	39,262,810	
5	Options Exercised during the year	10,935,442	
6	The total number of shares arising as a result of exercise of option (As of March 31, 2011)	31,484,422	
7	Options lapsed during the year	5,118,210	
8	Variation of Terms of options upto March 31, 2011	Nil	
9	Money realised by exercise of Options during the year (in ₹)	2,657,312	
10	Total Number of options in force as on March 31, 2011	79,032,770	
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	NIL	
	(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	₹1.19	
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 ₹ 0.243 Per Option, Weighted Average Fair Value of Stock Options granted during the year was ₹ 66.08 of share of ₹ 1 each.	
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		6 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 on 30.04.2010 - ₹ 63.25 (ii) For Grant on 13.08.2010 - ₹ 66.40 (iii) For Grant on 12.11.2010 - ₹ 64.10

Annexure – (I) (a)**Employee wise details of Options Granted to Senior Management during the Year 2010-11**

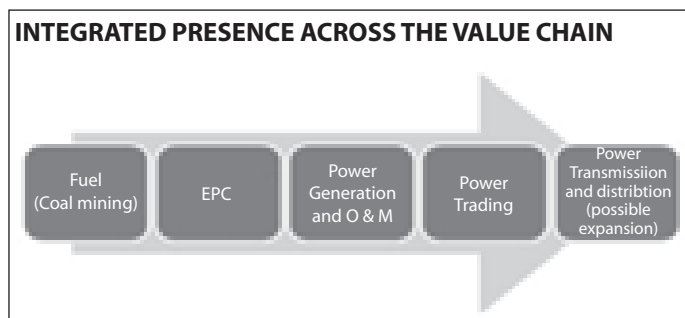
Sr. No	Name of the Employee	Number of Options Granted
1	Mr. P.Panduranga Rao	416,670
2	Mr. G.Venkatesh Babu	416,665
3	Mr. S.C.Manocha	333,335
4	Mr. J.Suresh Kumar	283,335
5	Mr. T.C.Upreti	216,195
6	Mr. K.Raja Gopal	212,500
7	Mr. Sanjay Kumar Mittal	212,500
8	Mr. S.M.Roy	212,500
9	Mr. K.K.V.Naga Prasad	212,500
10	Mr. S.Pochendar	175,000
11	Mr. T.N.Subramaniyan	166,365
12	Mr. Ravishankar Tumuluri	138,890
13	Mr. Prabir Kumar Majumdar	119,035
14	Mr. Arabinda Guha	111,110
15	Mr. V.Saibaba	88,540
16	Mr. V.S.Gangadhara Rao	72,725
17	Mr. Gouranga Ranjan Chowdhuri	72,465
18	Mr. Deepak Bharara	66,665
19	Mr. Kamat S.V.	64,980
20	Mr. Philip Chacko	50,000
21	Mr. Rakesh K Gupta	48,335
22	Mr. Alok Chandra Tiwari	48,310
23	Mr. B.Manohar	45,335
24	Mr. V.Ravindran	42,500
25	Mr. Sanjay Divakar Joshi	42,500
26	Mr. Rajesh Mahajan	41,665
27	Mr. E.Ravi Keshav	38,960
28	Mr. T.Adi Babu	38,960
29	Mr. Naveen Sharma	38,645
30	Mr. Vinod Kumar Kapoor	35,870
31	Mr. Kamal Dev	35,750
32	Mr. B.K.Sharda	35,380
33	Mr. P.Ravi Kumar	34,445
34	Mr. L.Yugandhara Babu	34,000
35	Mr. V.Srinivas	32,085
36	Mr. Kumar Konidala Perumal	31,165
37	Mr. Satyendra Kumar	30,815
38	Mr. S.Venkata Rama Reddy	29,220
39	Mr. R.A.Mulla	28,975
40	Mr. K.K.Panda	28,335

Sr. No	Name of the Employee	Number of Options Granted
41	Mr. M.N.Ravi Shankar	28,335
42	Mr. Sanjay Varghese	27,715
43	Mr. R.R.Nair	27,535
44	Mr. Chandra Kishore Thakur	26,870
45	Mr. D.Krishna Rao	25,455
46	Mr. B.K.Ojha	25,065
47	Mr. T. Vishwanaath	25,060
48	Mr. R.Parthasarathy	23,180
49	Mr. D. Venkata Giridhar	21,585
50	Mr. A.Srinivasa Rao	21,250
51	Mr. Anand Kumar Singh	20,660
52	Mr. Brijendra Sharma	20,290
53	Mr. Basavaraj Gurappa Hooli	19,625
54	Mr. T.V.Rao	18,435
55	Mr. S.V.Raman Rao	17,650
56	Mr. Rajesh Suri	17,170
57	Mr. Krishna Babu K	16,995
58	Mr. Ashok Kumar Sood	15,370
59	Mr. S.L. Batta	14,400
60	Mr. N. K. Khanna	14,110
61	Mr. N.V.N.Sudhakara Moorthy	13,200
62	Mr. L.Uma Maheswara Rao	12,760
63	Mr. Vinod Kumar Rajora	12,615
64	Mr. C. Krishnakumar	12,412
65	Mr. K.Satyanarayana	11,520
66	Mr. Anil Bhatnagar	11,510
67	Mr. Tapan Pal	11,320
68	Mr. Gyan Bhadra Kumar	10,865
69	Mr. Govind Krishna Khaddar	10,750
70	Mr. N.Devendiran	10,610
71	Mr. Srinagesh Ramabhotla	10,550
72	Mr. Vasant Gaba	10,525
73	Mr. D.S.Murali	10,240
74	Mr. Ram Naresh Singh Tomar	10,240
75	Mr. V.Sri Hari	9,790
76	Mr. M.Pavan Kumar	9,750
77	Mr. D.K.Jain	9,480
78	Mr. Kiranbhai Padia	3,270
79	Mr. J.Elango	2,320

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

COMPANY REVIEW

Lanco Infratech Limited is one of the fastest growing integrated infrastructure development conglomerates, engaged in power, EPC, solar, natural resources and other infrastructure projects. Lanco is one of India’s largest private independent power producers in India. Lanco follows a ‘concept to commissioning’ EPC execution model that addresses time, cost and quality in every project, creating an unwavering focus on customer satisfaction by delivering quality projects. Lanco operates across India and 10 countries globally through its special purpose vehicles for its various infrastructure development projects. Over the last 25 years, Lanco has evolved with the rapid economic development of the country. Lanco has constructed various projects (small, medium, large and mega) across power, road and port infrastructure and carried out brownfield as well as greenfield projects.



POWER OF SUCCESS

- Experience and expertise of successful project implementation
- Ability to take quick decisions and capitalise on market opportunities
- Creating power generation assets totalling 9,300 MW (3,292 MW operational), with financial closure and other necessary approvals in place
- Acquired resources to have fuel security to support the organisation’s growing needs

THE NUMBER STORY

	FY 2006-07 (the year of listing)	FY 2010-11	4-year CAGR(%)
Turnover* (₹ million)	16,474	113,027	62
Net profit ** (₹ million)	1,880	9,449	50
Asset base (₹ million)	47,593	291,346	57

* Turnover = Gross operating Income + Other Income

** Net Profit = Reported Profit after Tax + Profit eliminated on transaction with associates and subsidiaries

ECONOMIC REVIEW

India sustained its growth momentum and emerged among the best performing economies globally in FY 2010-11. Amid a sluggish global recovery, India’s GDP growth rate was 8.6% by virtue of strong fundamentals, surging domestic demand and well formulated fiscal policies of the Government of India. The six core industries recorded a growth rate of 5.9% during FY 2010-11 as against 5.5% in the previous year. The Government has planned large investments to catalyse the development of the infrastructure sector, which is expected to accelerate the country’s economic growth.

INDUSTRY STRUCTURE AND DEVELOPMENTS

EPC

EPC is a contracting arrangement, where the contractor designs, procures the necessary materials, constructs and transfers the completed plant to the owner for an agreed amount. Under this turnkey way of contracting, the responsibility of the project completion and other risks involved in the project lies with the contractor. With enhanced thrust on infrastructure creation over the last decade, there is a significant momentum in the EPC activities. Various sectors such as oil and gas, chemicals and petrochemicals, power and other infrastructure have been opting the EPC way of constructing the plants.

Power

Power is essential to sustain the projected GDP growth rate of around 8-9% and to accelerate India’s socio-economic development. With India’s strong economic performance over the last decade, additional pressure has been created towards the development of new capacities for power generation. Fuel-wise installed generation capacity in India as on March 31, 2011 is as under:

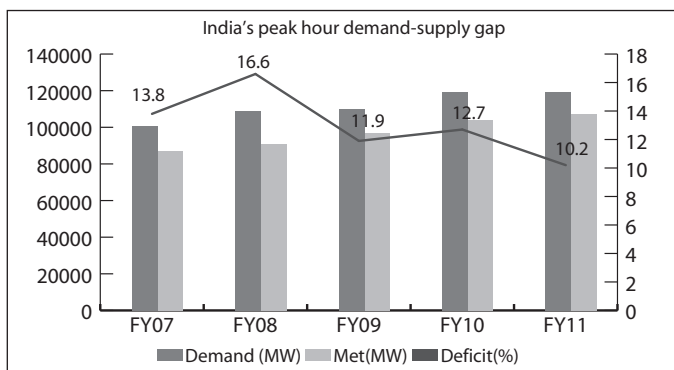
	Coal	Gas	Diesel	Nuclear	Hydro	Others	Total
Capacities (MW)	93,918	17,706	1,200	4,780	37,567	18,454	1,73,626
%	54	10	1	3	22	10	100

(Source: CEA)

The sector has been witnessing an increasing demand-supply imbalance over the preceding few years. The Government initially planned to install 78 GW of power generating capacities by the end of the 11th Five-Year Plan. However, the target was revised downwards to around 62 GW. The capacity additions during FY 2010-11 were as follows:

	Hydro	Thermal	Nuclear	Total
Target (MW)	1,466	18,755	1,220	21,441
Achievement (MW)	690	11,251	220	12,161
%	47	60	18	57

(Source: CEA)



*Up to December

(Source: Annual Report FY 2010-11, Ministry of power)

Solar

With rising global concerns over climate change and energy security, the focus on clean, green and sustainable energy is increasing considerably. One of the most powerful sources of renewable energy is the sun. Countries like Germany, Italy, France, US, India, China etc are increasing their focus on the development of solar power. As a result, global installed capacity of solar power is expected to reach 210 GW by FY 2020, from the current levels of just 40 GW in FY 2010 (Source: EPIA & IEA 2010 Outlook).

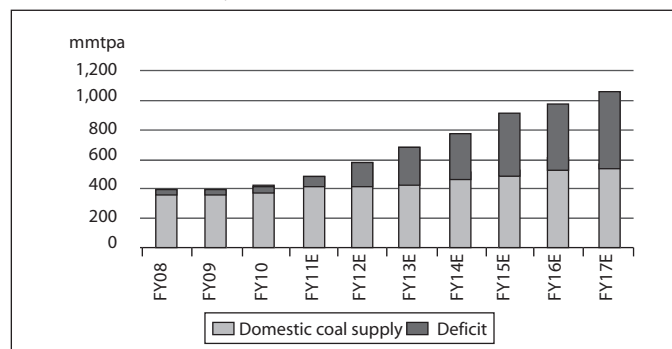
In India, the Government announced the National Action Plan on Climate Change (NAPCC) through the Ministry of New & Renewable Energy (MNRE) on June 30, 2008 with a vision to make India's economic development energy efficient. The plan included utilisation of solar energy as one of its core eight missions. As a result, Jawaharlal Nehru National Solar Mission (JNNSM) was launched with a mission to achieve Solar Power Capacity addition of 20 GW by 2022 (to be implemented in three phases).

At present, various players across the country have already signed Solar PV PPAs for 1150 MW (to be constructed by March 2012) and Solar Thermal PPAs for 500 MW (to be constructed by May 2013). Maharashtra State Utility has already awarded EPC contract for 125 MW, construction for which is already underway.

Resources

Most of the operating power plants (around 55%) in India are coal-fired plants. Majority of the incremental capacity will also be based on coal. Coal is therefore a very important resource in the context of India's power generation. India possesses an estimated reserve of 267.21 BT* (Source: Ministry of coal website, as on April 1, 2009) out of which 105.82 BT are proven reserves, considered to be among the largest globally. However, coal availability is a considerable challenge. Recently there have been increasing environmental concerns and difficulty in accessing mining permission in the 'no go' areas, resulting in difficulty in ramping up the coal production. As a result, the domestic power companies are finding it difficult to secure coal supplies and are increasingly depending on imports to meet their power generation requirements. The projected demand and supply of coal during FY 2011-12 is expected to be 696.03 MT** and 554.00 MT, respectively. The balance deficit will have to be met through imports (Source: Press Information Bureau, Government of India, March 9, 2011).

Domestic coal supply and deficit



(Source: Coal India, Credit Suisse estimates)

* BT= Billion Tones

** MT= Million Tones

Road infrastructure

India's road network of 42.36 lakh km* is considered to be one of the largest globally. This network comprises expressways, national highways, state highways, major district roads and rural roads among others. There has been a significant increase in the number of vehicles plying on the road – around 10% annually – increasing day-to-day congestion/road traffic. Moreover, the national highways, which contribute only 1.7% of India's road network, carry over 40% of the total road traffic. As a result, the Government has taken initiatives through its National Highway Development Programme (NHDP) to significantly upgrade and enhance the country's road infrastructure. It has planned highest ever investments worth US\$23 billion in FY 2011-12. Such programmes would be funded via a mix of public and private initiatives.

*kilometres

OPPORTUNITIES

EPC

The Government of India has targeted an investment of \$1 trillion for the country's infrastructure development in the 12th Five-Year Plan (Source: Planning Commission of India). This will significantly enhance the infrastructure of the country. Although there are very few private EPC players who cater to the power sector on a turnkey basis, Lanco is suitably poised to leverage the opportunity.

Power

The Government's aggressive investments in the power sector are expected to reduce the demand-supply deficit, benefiting power generation companies in India. The scale of opportunity is even more extensive in the 12th Plan under which an ambitious target of 100 GW capacity additions has been planned. This will warrant significant collaboration of private and public sectors to achieve the targeted capacity additions.

To create a national grid and reduce the technical losses during transmission, India is adopting HVDC technology and 765 KV transmission systems for inter-regional transmission lines. The requirement for power evacuation at higher voltage and longer distance has also increased. As a result, the proposed expenditure in the 12th Five-Year Plan, across the power value chain, has significantly increased to ₹ 240,000 crore.

Investments across the power value chain in the 12th Five-Year Plan (US\$)

Generation	Transmission	Distribution
300 billion	110 billion	190 billion

(Source: 'Powering India – The Road to 2017' – McKinsey & Company)

1 US\$=₹ 40

Power trading in India has witnessed multi-fold increase in volumes ever since trading was recognised as a distinct activity in the Indian Electricity Act 2003. India introduced online exchange for trading of electricity in 2008 to strengthen the price discovery mechanism. The country today has two operational Power Exchanges. These developments have opened up a new dimension in the Indian power sector to meet the demand-supply gap. Power trading would help the entities with surplus or deficit power situations to ensure optimal utilization of power and create an inter-regional power balance.

Solar

In 2011, the Central Energy Regulatory Commission (CERC) introduced the renewable purchase obligation (RPO) on state power utilities under the Electricity Act 2003, mandating State Discoms to buy a fixed percentage of renewable power, which includes solar. The solar power purchase obligation for all the states starts with 0.25% in Phase 1 (FY 2011-13) and shall increase to 3% by 2022. This along with JNNSM shall lead to an installation of 38 GW of solar capacities by the end of 2022, thus providing a sustainable platform to the solar power developers.

Resources

With capacity expansions in the power sector, the demand for coal is set to increase further. The domestic supply is not being able to match the demand. The Government is considering the possibility of awarding commercial licence of coal mining to the private sector in order to extract coal from the unexplored resources and plug the deficiency. This policy shall take time to materialise. As a result, Indian companies have been exploring coal mining opportunities in Indonesia, Australia and Africa by way of acquisitions rather than relying on domestic supply and imports only.

Infrastructure

The Indian Government is planning more than 200 projects in NHDP Phase III and V to further develop around 13,000 kms of roads. The average ticket size of the project shall vary from US\$150 - US\$200 million, whereas the larger projects are likely to touch the US\$700 - 800 million range. Moreover, various state governments have also planned to develop the highways of their respective states. To implement these expansion plans on a fast track, private sector participation is bound to increase. The project allocation shall favour the players with good experience and sound financial strength.

OPERATIONAL REVIEW

EPC

Lanco is one of the largest EPC contractors in India for the power sector, with an order book of about ₹ 301,622 million. The Company has also made investments in non-conventional solar power sector and intends to capture a significant share in this space. Some of the major EPC orders executed include Amarkantak (I and II), Kondapalli, Tanjore (Aban), Udupi (I and II) and Anpara I. In the construction space, the Company has successfully executed

a wide range of projects, spanning across power plants (thermal and hydro), highways, airports, industrial structures, transmission and distribution, chimneys, cooling towers, water infrastructure and heavy civil structures.

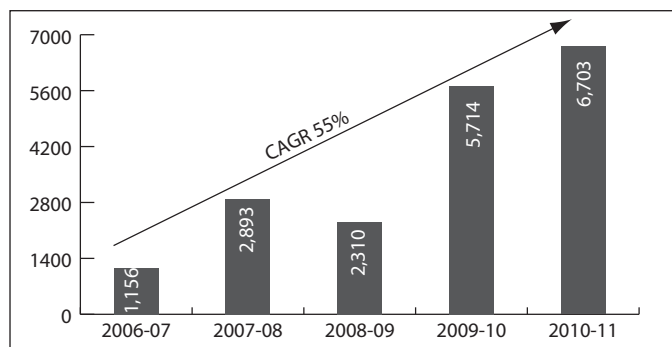
Edge

- Expertise in engineering of coal, gas and hydro-based power projects
- A team of 4000-plus qualified and experienced professionals, of which 50% are engineers and procurement experts
- Proficiency in plant designing and its various aspects including system design and integration, mechanical design, electrical design, control and instrumentation and civil works design to meet national and international standards and statutory and regulatory requirements

Highlights FY 2010-11

- Marked entry into the lucrative third party EPC business through:
 - Balance of Plant (BOP) package contract from Maharashtra State Power Generation Co. Ltd. (Mahagenco) for 1,980 MW (3 x 660 MW) Koradi Thermal Power Plant
 - EPC Contract by a Moser Baer Power (Madhya Pradesh) Ltd, for their 2 x 600 MW Coal Based Thermal Power Project
 - EPC contract for development of 250 MW gas based power plant in Iraq

YOY Order book growth (million US\$)



(1 US\$= ₹ 45)

Power

Lanco has developed a proven expertise in developing power generation capacities through conventional and non-conventional sources of energy, such as coal, gas, biomass, hydro, solar and wind. Its current operating capacity is 3,292 MW, and is further constructing additional capacities of 6,000 MW. Besides, there are a number of projects, which are under various stages of development.

Edge

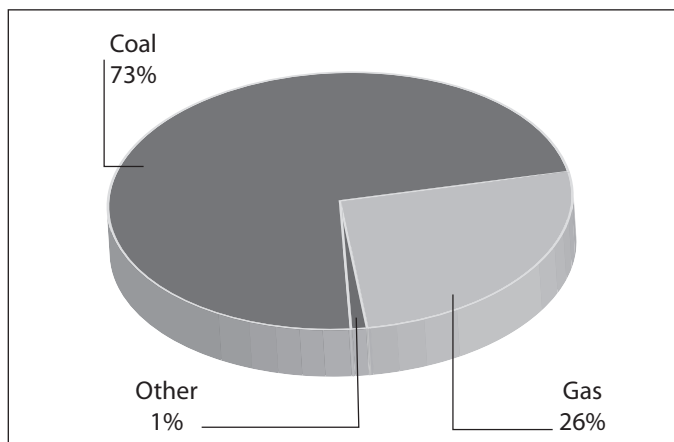
- Presence across the value chain comprising coal mining, project development, EPC (engineering, procurement and construction), O&M (operation and maintenance), and trading
- Optimising resources and utilising strategic locations to set benchmarks in the power sector
- Capability to identify and develop profitable projects

Highlights FY 2010-11

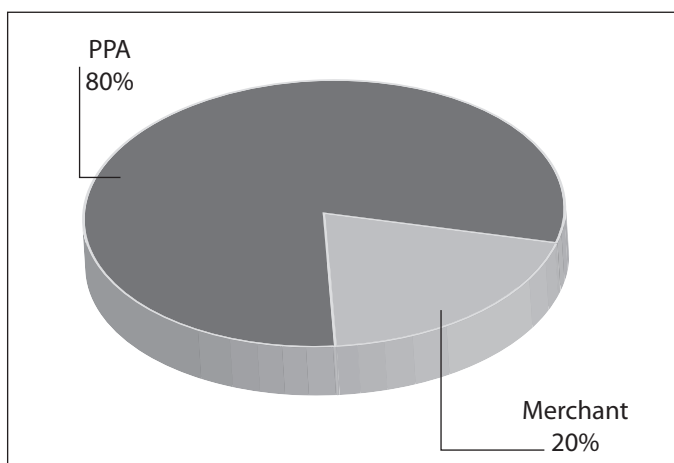
- Synchronised Udupi (1,200 MW), Anpara (600 MW), Kondapalli (133 MW, combine cycle) and Other Renewable (10 MW) units
- Achieved financial closure for Babandh Power project (2 x 660 MW), Kondapalli III (2 x 366 MW), Vidharbha (2 x 660 MW) and Amarkantak III (2 x 660 MW)
- Power trading division traded 6,043 million units of power during the year, higher by 42%

OPERATING PROJECTS

Operating projects based on fuel use (%)



Operating projects by off-take agreement (%)



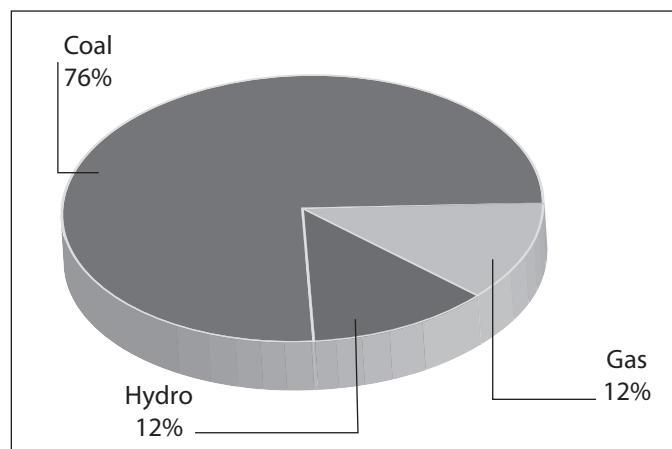
Power generation of major power operating companies (FY 2010-11)

Plant	Fuel	Capacity (MW)	Units generated (MUs)
Kondapalli I	Gas	368	2,152
Kondapalli II	Gas	366	2,044
Amarkantak I	Coal	300	2,055
Amarkantak II	Coal	300	1,651
Tanjore (Aban)	Gas	120	865
Udupi*	Imported Coal	1,200	1,214

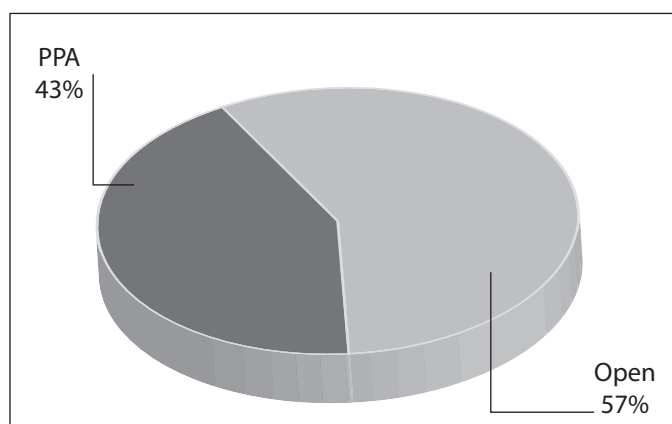
*Units generated based on operation in one unit

PROJECT UNDER CONSTRUCTION

Under construction projects by fuel (%)



Under construction projects by off-take (%)



Solar

Lanco is the first Indian organisation to effectively integrate across the entire solar value chain. As an integrated player it is setting up manufacturing facilities for the manufacture of polysilicon (1,250 MT), wafer (80 MW) and module (50 MW) as well as project development, EPC and O&M services. The module plant has already been commissioned while the construction for the Polysilicon plant and the wafer plant is underway.

The Company has signed PPAs with Gujarat State for 35 MW and with NVVN for 105 MW, including 100 MW for Solar Thermal and 5 MW for Solar PV. Lanco is also one of the leading Solar EPC players in the country and has been awarded various EPC contracts, including prestigious 75 MW EPC contract by Maharashtra Generation Company.

Edge

- Completely integrated solar value chain
- Leveraging EPC expertise

Resources

Lanco has joined the exclusive league of mine owner & operator through its recent Griffin coal acquisition in Western Australia. The acquisition is considered to be the single largest Indian investment in Western Australia. It strengthens the Company's commitment to grow the resources business, ensuring fuel security as well as the opportunity to drive revenues from the coal trading market.

Advantage Griffin

Griffin is the largest operational thermal coal mine in Western Australia, possessing 1.1 billion tonnes of thermal coal resources, appropriate for power plants. The current production from this mine is 4 mtpa with an opportunity to ramp up to 18 mtpa in the long run. The mines are well connected to two ports through both rail and road and are located on the western coast, thereby significantly reducing the freight costs.

Edge

- Operating mine
- Backward integration to strengthen fuel security
- Opportunity in the trading market for natural resources

INFRASTRUCTURE

The Company is executing two National Highway projects on a BOT basis, totalling 163 km of roads in Karnataka. Both the project sites are witnessing satisfactory levels of construction, and are expected to be operational by next fiscal. The Company shall also explore opportunities to develop other infrastructure projects in India as well as overseas.

Edge

- Leveraging EPC expertise
- Strong focus on a synergistic strategy and high-end technology

Highlights FY 2010-11

- Emerged as a successful bidder for developing the National Highways Authority of India's (NHAI) Aligarh to Kanpur Section of National Highway - 91 in Uttar Pradesh on Design, Build, Finance, Operate and Transfer (DBFOT) on toll basis
- Won the bid for a container terminal at Ennore Container Terminal Project on BOOT basis

SEGMENTAL REVIEW

Revenues

Particulars	FY 2010-11 (₹ million)	Contribution to total revenues in FY 2010-11	FY 2009-10 (₹ million)	Contribution to total revenues in FY 2009-10	YoY growth (%)
EPC	59,617	53	58,570	61	2
Power	49,452	44	36,171	38	37
Resources	1,337	1	-	-	100
Property development	1,673	1	(200)	-	-
Others	573	1	787	1	(27)
Total	112,652	100	95,328	100	18
Less: Inter-segment revenue	32,608		12,992		151
Net sales	80,044		82,336		(3)

The Company's total segmental revenues (after elimination of inter-segment revenue) declined by 3% over the previous year. The inter-segment elimination increased by 151% because of EPC division's increasing revenue from its subsidiaries as against associates in the previous year. Before elimination the revenues of the current year increased by 18%. The growth was a result of the developments

across the business segments. While, the EPC revenue grew primarily on account of Udupi, Anpara, Amarkantak (Unit III & IV) and Kondapalli (Unit III) power projects, the power business witnessed a first full year of operation of the Unit I & II of the Amarkantak plant. There was also a marginal contribution from the resources division, through one month of sale from the Griffin acquisition.

SEGMENTAL PROFITS

(₹ million)

Segment	FY 2010-11	FY 2009-10	YoY growth (%)
EPC	8,077	8,708	1
Power	14,222	5,921	140
Resources	349	-	-
Property development	(30)	(408)	-
Others	(463)	(233)	-
Total	22,155	13,988	67
Less: Inter-segment profit on transactions with subsidiaries and associates	4,988	1,691	195
Profits before interest and taxes	17,167	12,297	40

The Consolidated profit before interest and taxes (after inter-segment profit on transactions with subsidiaries and associates) increased by 40% over the previous year. Before elimination, the resultant profits would have been higher by 67%.

FINANCIAL REVIEW

Principles of consolidation

The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of items such as assets, liabilities, income and expenses after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions 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.

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 cost 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.

Equity method of accounting is followed for investments in Associates in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, wherein goodwill / capital reserve arising at the time of acquisition and share of profit or losses after the date of acquisition are included in carrying amount of investment in 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. The corresponding entry is adjusted by way of reduction in investment of capital work-in-progress.

Putting it simply, while consolidating the subsidiary company the elimination takes place at the topline itself where the entire amount

of revenue and expenditure are eliminated. In case of associate consolidation, while the entire revenue is recognised, the profit or loss earned from the associate is eliminated proportionately to the holding in that associate company. While this adjustment is for the profit and loss account, for adjustment to the balance sheet in the

case of subsidiaries the amount equal to the profit or loss eliminated would be net off against the fixed assets, while in the case of associates it will be adjusted against the investments.

Primarily, it is an adjustment which does not impact the cash flow.

ANALYSIS OF PROFIT AND LOSS ACCOUNT

(₹ million)

	Particulars	FY 2010-11	% on total Income	FY 2009-10	% of total Income	YoY growth (%)
1	Income					
2	Sales and Operating Income	77,837	97	81,840	99	(5)
3	Other Income	2,582	3	1,075	1	140
4	Total (2+3)	80,419	100	82,915	100%	(3)
5	Expenditure					
6	Construction, Generation and Operating expenses	51,757	64	61,512	74	(16)
7	Administrative and Other Expenses	7,175	9	4,293	5	67
8	EBITDA (4-6-7)	21,487	27	17,110	21	26
9	Add: Eliminated profit on transaction with Subsidiaries	4,581	6	935	1	390
10	EBITDA before elimination (8+9)	26,068	32	18,045	22	44
11	Interest and Finance Charges	7,555	9	3,554	4	113
12	Depreciation / Amortisation	3,537	4	3,479	4	2
13	Profit before Taxation, Minority Interest and Share of Profits of Associates (10-11-12)	14,976	19	11,012	13	36
14	Provision for Taxation					
15	- Current Tax	3,790	5	3,262	4	16
16	- Relating to Previous Years	26	1	156	1	83
17	- Minimum Alternate Tax Credit Entitlement	(628)	(1)	(604)	(1)	4
18	- Deferred Tax	662	1	828	1	(20)
19	Net Profit after Taxation, before Minority Interest and Share of Profits of Associates (13-15-16-17-18)	11,126	14	7,370	9	51
20	Add : Share of Profit / (Loss) of Associates	26	1	(178)	(1)	
21	Less: Share of Minority Interest	1,703	2	915	1	86
22	Net Profit after Taxation, Minority Interest and Share of Profits of Associates (19+20-21)	9,449	12	6,276	8	51
23	Less: Elimination of Profit on Transactions with Subsidiaries and Associate Companies	4,988	6	1,691	2	195
24	Profit after Tax (22-23)	4,461	6	4,585	6%	(3)%

Revenues

The consolidated sales and operating income declined by 5% over the previous year, mainly on account of the decline in income from contract operations. This reduction is primarily due to higher elimination on account of the change in the composition of the revenue in EPC business. Most of the revenue generated in FY 2010-11 was from subsidiaries as against the previous year, when Lanco generated most of its revenue from associates. On the other hand, the income from commercial sale of electrical energy, Verified/

Certified Emission Reductions, property operations, sale of coal and goods reported growth over the previous year.

The income from sale of electrical energy increased on account of full year of operation at Amarkantak (I & II) and Kondapalli (II) Units. The sale of CDM from the Tanjore (Aban) power plant and revenues from the sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognised on an accrual basis on the sale of eligible credits.

(₹ million)

Sales and operating Income	FY 2010-11	FY 2009-10	YoY growth (%)
Income from Sale of Electrical Energy	47,105	35,372	33
Income from Contract Operations	26,894	45,416	(41)
Income from Property Development	1,676	(257)	-
Gain on Foreign Exchange Fluctuations (net)	821	724	13
Income from sale of Coal	785	-	-
Sale of Emission Reductions (CDM)	219	171	28
Other Operating Income	152	41	272
Income from Sale of Goods	130	14	816
Income from Management Consultancy Services	56	358	(84)
TOTAL	77,837	81,840	(5)

Other income

(₹ million)

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Depreciation written back	1,415	-	-
Interest and dividend income	585	655	(10)
Liabilities and Provisions no Longer Required Written Back	206	19	991
Insurance Claims Received / Receivable	180	130	39
Miscellaneous Income	107	87	22
Profit on sale of Investments	89	184	(51)
TOTAL	2,582	1,075	140

During the year Kondapalli and Amarkantak has changed the Depreciation policy with retrospective effect from the date of capitalisation and the impact of depreciation pertaining to previous year has been shown as part of other income.

Expenditure

(₹ million)

Particulars	FY 2010-11	% of total expense in FY 2010-11	FY 2009-10	% of total expense in FY 2009-10	YoY growth (%)
Construction, Generation and Operating expenses	51,757	88	61,512	83	16
Administrative and Other Expenses	7,175	12	4,293	7	67
TOTAL	58,932	100	65,805	100	(10)

Construction, generation and operating expense

The total construction, generation and operating expense declined by 16% over the previous year as a result of higher elimination. Further increase in the raw material consumption and transmission charges was primarily due to an increase in generation capacity and merchant-based activity, respectively. Labour charges, site expenses and operations and maintenance charges, on the other hand, increased with the growth of business activities.

(₹ million)

Particulars	FY 2010-11	% of total expenditure in FY 2010-11	FY 2009-10	% of total expenditure in FY 2009-10	YoY growth (%)
Power Purchase	16,248	31	16,837	27	(4)
Raw Materials Consumed - Power Generation	12,686	25	8,375	14	51
Construction Cost	9,677	19	21,898	36	(56)
Subcontract Cost	5,353	10	7,631	12	(30)
Property Development Cost	2,431	5	3,676	6	(35)
Transmission Charges	1,336	3	550	1	143
Site Expenses	1,115	2	843	1	32
Coal Mining and Transportation Cost	808	2	-	-	100
Operations and Maintenance	803	2	554	1	45
Labour Charges	766	1	569	1	35
Consumption of Stores and Spares	336	1	408	1	(18)
Repairs and Maintenance	198	0	171	0	15
	51,757	100	61,512	100	(16)

Administrative and other expense

Administration and other expenses increased by 67% over the previous year, primarily on account of increasing employee cost (by way of new recruits and increments) and other administrative expense, which increased with the growing business.

(₹ million)

Particulars	FY 2010-11	% of total expenditure in FY 2010-11	FY 2009-10	% of total expenditure in FY 2009-10	YoY growth (%)
Employee cost (A)	5,063	71	3,315	77	53
Miscellaneous expenses	1,571	22	1005	23	56
Travelling and Conveyance	599	8	376	9	59
Business Promotion and Advertisement	277	4	54	1	413
Repairs and maintenance	111	2	42	1	164
Office Maintenance	103	1	46	1	124
Marketing and selling expenses	54	1	16	0	238
Administrative cost(B)	2,715	38	1,539	35	
Total (A+B)	7,778		4,854		
Less: Transferred to Property Development Cost	262		198		
Less: Transferred to Capital Work in Progress	13		-		
Less: Elimination of Cost on Intercompany Management Consultancy Income	328		363		
Total	7,175		4,293		

Interest and finances charges

(₹ million)

The Company's interest and finance charges increased by 113% over the previous year. It was the first full year of operations of Amarkantak I and II, thus, the interest impact of the project was directly reflected in the profit and loss account, increasing the interest cost. The interest on the debt taken for the Griffin acquisition, also added to the interest and finance charges.

Depreciation

The depreciation cost increased marginally over the previous year. During the year, two subsidiaries – Kondapalli (II) and Lanco Power (Amarkantak), changed their depreciation method from Written down value (WDV) method to Straight line method (SLM) with retrospective effect. The earlier basis of providing depreciation in both the companies would have increased the charge to the Profit and Loss Account before taxation by ₹ 3,671 million and the net block of fixed assets would have been correspondingly lower by the same amount. The net surplus of ₹ 1,442 million due to the retrospective re-computation has been adjusted in the other income in the profit and loss account of the current year.

Provision for taxation

The provision for taxation increased by 2% over the previous year, while the current tax increased by 16%, tax relating to previous year and deferred tax declined by 83% and 20%, respectively. The current tax for the year increased due to an increase in Profit before Tax of the group companies. There was also an increase of 4% in Minimum Alternate Tax Credit Entitlement due to Lanco Power (Amarkantak) and Tanjore (Aban). The increase in deferred tax liability mainly pertains to Lanco Power (Amarkantak).

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Provision for Taxation			
- Current Tax	3,790	3,262	16
- Relating to Previous Years	26	156	(83)
- Minimum Alternate Tax Credit Entitlement	(628)	(604)	4
- Deferred Tax	662	828	(20)

Share of profit of associates

The share of profit of associates stood at ₹ 26 million as against a loss of ₹ 178 million in the previous year. During the year, an associate company (Udupi Power plant Unit I) commenced commercial operations.

Minority interest

The share of minority interests represents the interest of minority shareholders in various companies in power and property development sector. It increased by 86% during the year primarily due to increase in profitability of Kondapalli.

PAT

The adjusted PAT (after elimination of inter-segment profit on transaction with subsidiaries and associates and adjustment of foreign exchange gain) declined by 3% over the previous year. Before inter-company elimination the profits have increased by 51% over the previous year.

Cash Profit

Cash profit relates to the profits the Company has earned after deducting non-cash expenditures, such as depreciation, deferred tax, profit elimination and MAT credit entitlement. The cash profit during the year increased by 30% over the previous year. Cash EPS increased to ₹ 5.4 per share against ₹ 4.1 per share in the previous year, resulting in a growth of 30% over the previous year.

(₹ million)

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Reported PAT	4,461	4,585	(3)
Add: Depreciation	3,537	3,479	0
Add: Deferred Tax	662	828	(20)
Add: MAT Credit	(628)	(604)	4
Add: Profit Eliminated	4,988	1,691	195
Cash Profit	13,020	9,980	30
Cash EPS (₹)	5.4	4.1	30

ANALYSIS OF BALANCE SHEET

Sources of fund

(₹ million)

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Shareholders' Funds	46,231	33,448	38
Minority Interest	8,453	7,108	19
Loan Funds			
Secured Loans	143,266	75,619	89
Unsecured Loans	11,742	7,995	47
Total	155,008	83,614	86
Deferred Payment Liabilities	11,510	-	100
Deferred Tax Liability (net)	5,368	1,003	535
Total	226,570	125,173	181

Shareholder's fund

The total shareholder's fund increased by 38% from ₹ 33,448 million in FY 2009-10 to ₹ 46,231 million in FY 2010-11 on account of an increase in capital reserves owing to the acquisition of Griffin coal mine and current profits.

Minority interest

The minority interest increased by 19% as a result of increase in profits of major operating companies. Minority shareholding of the major operating companies of the group is as follows:

Company	Minority Stake (on March 31, 2011)
Lanco Kondapalli	41%
Tanjore (Aban) Power	49%
Lanco Hills	26%

Loan funds and deferred payment liability

Loan funds (secured and unsecured) increased by 85% due to draw of additional/new loans in various group companies. During the year there was an increase in project construction work at various sites for which debt was taken. The deferred payment liability is basically an undrawn liability that the Company has incurred for the Griffin acquisition and the same shall be paid over the next four years.

Following is the company-wise break-up of the loan funds:

Company/Project Name	Amount (₹ million)
Lanco Resources – Griffin	39,206
Lanco Infratech	37,971
Lanco Power (Amkantak)	37,259
Lanco Kondapalli	17,849
Lanco Hills	11,747
Lanco Energy (Teesta)	10,042
Vidarbha	6,108
Budhil	4,349
Lanco Hydro (LHPVPL)	2,709
Tanjore (ABAN)	1,311
Others	3,719
Total	172,270

Application of funds

The Company's total asset base grew by 81% and the broad break-up of the assets is provided in the following table:

(₹ million)

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Fixed assets	156,407	70,015	123
Investments	31,950	20,141	59
Net current assets	38,213	35,017	9
Total	226,570	125,173	181

Fixed assets

The total gross block increased by 100% primarily on account of an addition in the assets owing to the Griffin acquisition and capitalisation of the steam turbine of Konadpalli II. The assets grew by ₹ 62,747 million and 87% of it was on account of Griffin alone. Accumulated depreciation as a proportion of gross block stood at 16%, reflecting contemporary assets. The capital work-in-progress (including capital advances) also increased by 176% with the increase in the activities at various projects, which are in development phase.

Investments

Total investments increased by 59% due to investments in preference shares of the SPVs.

Investments break-up

(₹ million)

Particulars	FY 2010-11	FY 2009-10
Preference share of associate companies	26,291	10,621
Preference share of other companies	3,616	724
Mutual funds	1,024	7,786
Equity shares of associate companies	981	972
Others	23	23
Equity share of other companies (Long term quoted shares)	15	15
Total	31,950	20,141

Net Current assets (₹ million)

Particulars	FY 2010-11	FY 2009-10	YoY growth (%)
Current Assets			
Inventories	21,423	16,267	32
Sundry Debtors	21,304	22,270	(4)
Cash and Bank Balance	12,905	9,628	34
Other Current Assets	131	74	77
Loans and Advances	47,226	21,856	117
Gross Current Assets	102,989	70,095	47
Less: Current liabilities and provisions	64,776	35,078	85
Total	38,213	35,017	9

Gross current assets increased by 47% during the year and current liabilities and provisions increased by 85%. This resulted in a net current asset increasing by 9% during the year.

Inventories increased by 32% with the carrying forward of the raw materials inventory at various power plants and work-in-progress in the EPC business.

Sundry Debtors declined by 5% indicating better receivables management. Around 39% of total debtors that are more than six months old, but considered good, are in the books of Lanco Infratech (standalone). These debtors are in the form of retention deposit which shall be released post successful completion of work.

Cash and bank balance increased by 34% owing to an increase in cash generation from the standalone and other group companies. Cash balances at some of the major group companies are:

(₹ million)		
Project/ Company name	Cash and bank balance	% of total
LITL – Standalone	3,257	25
Lanco Kondapalli	2,310	18
Lanco Resource – Griffin	2,180	17
Tanjore (Aban)	1,685	13
Vidarbha	1,499	12
Others	947	7
NETS	739	6
Lanco Hills	180	1
Lanco Power (Amarkantak)	108	1
Total	12,905	100

Loans and advances increased by 115% owing to an increase in receivables from advance in investments, sub contractors and MAT. Advances recoverable in cash from sub-contractors have increased

significantly on account of commencement of construction activities at various sites. This advance shall be recovered in due course.

Current liabilities

Current liabilities increased by 85% owing to an increase in mobilisation advance from the customers in EPC, based on the contractual agreement at the time of receipt of order. Provision increased by 79% over the previous year owing to mine restoration and lease equalisation.

A provision for mine restoration is an obligation as a result of exploration and development activities undertaken and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites / wells and restoring the affected areas. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

ANALYSIS OF CASH FLOW STATEMENT

(₹ million)

Cash Flow	FY 2010-11	FY 2009-10
Net Cash Flow from (used in) Operating Activities (before elimination)	32,603	1,990
Net Cash Flow from (used in) Investing Activities (before elimination)	(102,177)	(29,346)
Net Cash Flow from Financing Activities	71,890	27,462
Net increase (decrease) in Cash and Cash Equivalents	2,316	106

Cash Flow from (used in) operating Activities

Net cash generated from operating activities (before elimination) was reported at ₹ 32,603 million in FY 2010-11, whereas cash generation from operations, before working capital adjustment of ₹ 12,772 million and direct tax adjustment of ₹ 3,720 million stood at ₹ 18,970 million.

Cash flow from (used in) investing activities

Net cash used in investing activities (before elimination) was reported at ₹ 102,177 million in FY 2010-11, primarily owing to addition of fixed assets (after adjustment of sale of fixed assets) to the tune of ₹ 83,070 million and purchase of investments (after adjustment of sale of investment) of ₹ 2,830 million.

Cash flow from financing activities

Net cash addition from financing activities was ₹ 71,890 million in FY 2010-11, which was mainly owing to inflows on account of net proceeds from long-term and short-term borrowings to the tune of ₹ 83,266 million, partially offset by interest payments of ₹ 11,019 million.

KEY FINANCIAL DATA OF MAJOR OPERATING COMPANIES

(₹ million)

Particulars	LITL - Stand Alone	Lanco Power- Amarkantak	Lanco Kondapalli	Tanjore (Aban)	NETS	Lanco Hills	Lanco Resource – Griffin
Income							
Income	58,723	12,697	15,291	2,600	25,198	1,676	1,329
Other Income	429	1,420	341	144	21	7	8
Total	59,152	14,117	15,632	2,744	25,219	1,683	1,337
Expenditure							
Construction/ development/ generation expenses	45,026	4,324	9,591	1,431	24,837	1,592	808
Administrative and Other Expenses	5,825	476	395	143	140	95	42
EBITDA	8,301	9,317	5,646	1,170	242	(4)	487
Interest and Finance Charges	3,377	2,547	1,088	159	19	2	164
Depreciation	721	1,445	656	183	4	34	138
Profit before Tax	4,203	5,325	3,902	828	219	(40)	186
Provision for Taxation							
- Current Tax	1,520	1,085	791	165	75	-	23
- Relating to prior years	6	-	-	-	-	21	-
-Minimum Alternate Tax Credit Entitlement	-	(508)	-	(120)	-	-	-
- Deferred Tax (Net)	(106)	997	-	53	(1)	-	(120)
- Fringe Benefit Tax	-	-	(110)	-	-	-	-
Net Profit	2,783	3,751	3,221	730	145	(61)	283

Total income

The year-on-year income from LITL-Standalone witnessed a decline of 1% during the year. The major revenue inflows in the first half of the year were dominated by Anpara and Udupi, while the second half of the year was dominated by Kondapalli III and Amarkantak III. The construction work at Kondapalli III, Amarkantak III & IV, Babandh and Vidarbha sites are progressing well.

Income from Lanco Power Limited (formerly Amarkantak) increased 110% from ₹ 6,047 million in FY 2009-10 to ₹ 12,696 million in FY 2010-11 as a result of first full year of operations of both its units, generating 3,706 million units as against 1,592 million units in FY 2009-10.

Income from Kondapalli increased by 45% from ₹ 10,572 million in FY 2009-10 to ₹ 15,291 million in FY 2010-11. The increase was a result of commencement of gas turbine operations in FY 2009-10 followed by the commencement of steam turbine in FY 2010-11.

Income from Lanco Tanjore Power (formerly Aban Power Corporation) increased by 51% from ₹ 1,716 million in FY 2009-10 to ₹ 2,600 million in FY 2010-11, generating 865 million units as against 717 million units in FY 2009-10. The income also includes a CER sale of ₹ 219 million in FY 2010-11 as against ₹ 171 million in FY 2009-10.

National Electric Trading Company (formerly known as Lanco Power Trading Company) increased by 29% from ₹ 19,544 million in FY 2009-10 to ₹ 25,198 million in FY 2010-11 and traded 6,043 million units in FY 2010-11 as against 4,269 million units in FY 2009-10.

During the year, Lanco Infratech acquired Australia-based coal mining company, Griffin, through its step down subsidiary and consolidated its accounts only for one month.

EBITDA (Earnings before Interest, Tax, Depreciation and amortisation)

Project / Company Name	₹ million	% of total
Lanco Power (Amarkantak)	9,317	66
LITL - Stand Alone	8,301	14
Lanco Kondapalli	5,646	36
Tanjore (Aban)	1,170	43
Lanco Resource	487	36
NETS	242	1
Lanco Hills	(4)	(1)

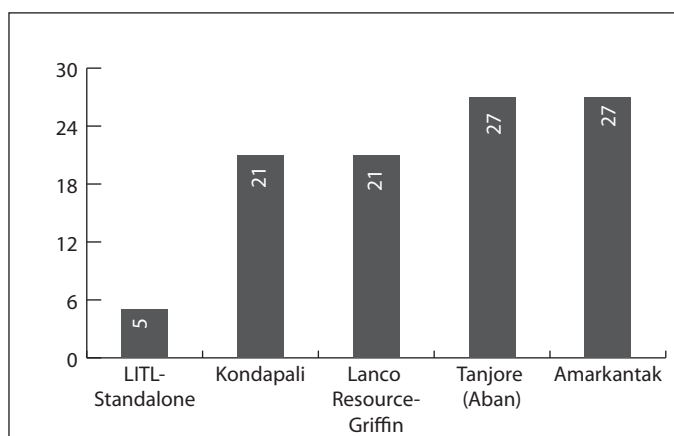
PAT (Profit after Tax)

(₹ million)

Project / Company Name	FY 2010-11	FY 2009-10	YoY growth (%)
Lanco Power (Amarkantak)	3,751	610	515
Lanco Kondapalli	3,221	2,120	52
LITL - Stand Alone	2,783	4,864	(43)
Tanjore (Aban)	730	448	63
Lanco Resource – Griffin	283	-	100
NETS	145	85	71
Lanco Hills	(61)	387	(84)

The standalone business witnessed a decline in PAT primarily due to increase in employee cost and interest cost.

PAT Margins (%)



The Amarkantak (I and II) and Kondapalli Unit II changed (with retrospective effect) its method of providing depreciation on fixed assets (other than leasehold land) from the Written Down Value method to the Straight Line Method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Lanco has employed around 7,000 people across various geographies. The Company follows the model of LEO competency framework, which stands for leadership, entrepreneurship and ownership. The objective of the competency framework is to aspire and develop future leaders. The Company undertakes regular trainings to enhance the leadership skills of employees to instill the entrepreneurial mindset. This approach also helps develop a sense of ownership with the organisation.

The Company has collaborated with Accenture and has developed a training institute to achieve its LEO objectives. Besides, Lanco has also formulated a unique offsite training programme to upgrade skills of its employees.

RISKS AND CONCERNS

Risks are uncertainties that can adversely impact business operations. The Company has identified certain key risks and appropriate mitigation measures for the purpose.

Economy risk: Macro-economic challenges, such as interest rate hike, inflation and political unrest could hamper Lanco's operational and financial performance.

Mitigation measures: Considering all macro-economic fundamentals and growth plans charted out by the 12th Five-Year Plan, India is suitably positioned to sustain a growth rate of around 8-9% annually.

The short-term hurdles like inflation, interest rate hike should not impact the long-term vision of the infrastructural development of the nation. At the company level the effect of inflation will be mitigated by longer fixed price contracts and cost optimisation. The company is able to control the interest cost by opting for alternate financing instruments.

Resources Risk: The Company may have difficulty in acquiring adequate coal linkages due to environmental issues could result

in an increase in raw material prices, impacting the bottomline. The increase in cost of sourcing coal due to shortage and imports cannot be passed to the customers.

Mitigation measures: The Company has long-term coal linkages with GOI for the majority of its coal-power plants. The cost of fuel is a pass through to the customer in majority of power sale. To further strengthen our resource base, we acquired Griffin coal mine in Australia. The acquisition has secured the Company's long-term coal gaps.

Regulatory Risk: Unfavourable regulatory changes in government policies towards infrastructure could impact the long-term planning of the Company.

Mitigation measures: The Government's inclination towards public private partnership has increased, especially towards the power sector and infrastructure. This would bring stability in regulatory framework.

Currency fluctuation Risk: Adverse foreign exchange fluctuations could result in an increase in purchase cost and impact the Company's profitability.

Mitigation measures: The Company has framed effective foreign exchange risk coverage policy that enables the Company to efficiently handle to a large extent any adverse movement in the currency. The policy implementation and its results are regularly reviewed by the Management.

Operational Risk: Operational mismanagement and non-professionalised approach can erode credibility.

Mitigation measures: The Company has put in place a multi-layer review system to take care of the operational performance and planning. Periodical review of the process (including SAP) is also taken up to address the changed.

Business development risk: The Company may lose its revenue in the event of non-qualification for external projects.

Mitigation measures: The Company has developed a separate business development team to monitor the external scenario and explore newer business opportunities. The Company also ensures the completion of existing internal and external projects to strengthen its future EPC bidding. Going forward the Company will have the qualification on its own without depending on others for the same.

Project execution: The Company may overshoot the deadline and cost in the event of internal inefficiencies.

Mitigation measures: The Company has learnt from its past experiences. Focus is on tracking proven and credible vendors, appointing specialised agencies and consultants to verify the internal estimates and practicing stringent review mechanism.

Financial Risk: Delay in financial closure could delay the execution of project.

Mitigation measures: The Company take adequate steps for financial tie up process well in advance. The financial tie up requirements are addressed timely to secure financial closures in time. The company also keeps sufficient liquidity to fund the projects in case of any delay in project funding.

Human Resource Risk: Attrition of key resources and talents could have an adverse impact on the company's operations.

Mitigation measures: *The Company believes in building a 'family like' culture among its employees by way of regular training and development. Its LEO framework further enables its employees to develop entrepreneurial capabilities thus enhancing their trust and loyalty towards the Company. It recruits fresh talents from local education institutes and grooms them towards building a successful career. A good salary structure with a strong employee appraisal system combined with extra-curricular activities further results in improving the morale of the employees.*

Safety Risk: Improper safety arrangements at the plant could result in accidents that may lead to loss of life, materials and reputation.

Mitigation measures: *The Company stringently follows Safety, Health & Environment (SHE) policy and conducts periodic reviews on all related matters. It has appointed specialised SHE team for each project which oversees the SHE at operations and also conducts routine safety drills to prepare the team against any unforeseen incidents. The Company instituted safety awards to bring the safety culture in the organisation.*

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of Lanco Infratech's Corporate Social Initiatives, community-based programmes commenced in 2000 to address the primary needs related to health, environment, disability, safe drinking water, community development and education.

These programmes are initiated in the neighbouring villages of our plants and reflect our deep commitment towards social well-being. Lanco, a member of the UN Global Compact, is already recognized for its sound corporate governance and CSR initiatives, spearheaded by the Lanco Foundation. The programmes of Lanco Foundation have been designed in response to the existing social, cultural and economic context of the communities and intend to enhance the quality of lives of individuals and communities.

The CSR initiatives of the Foundation embraces over 200,000 people from about 140 villages located across 11 states with emphasis on members from poor and vulnerable families, especially women, old and disabled individuals and children.

The Foundation recognised that the programme interventions can be commenced, grown and sustained only when the needs and decisions of the target communities are keenly interwoven from the design phase, so that there is complete ownership/partaking of any effort initiated by the Foundation. Accordingly, Lanco Foundation evolved the following focus areas of interventions for implementation in twenty villages surrounding the plant:

Education

- Promote quality education (primary, secondary and college levels) and create access to higher education with focus on students from poor and marginal communities through provision of scholarships to over 1,000 students
- Supplement the efforts of the government and other educational institutions in enhancing the quality of students

and retention of students through provision of School Development Grants in 130 schools

- Prevent childhood illnesses through school health camps for screening and early detection, involving more than 30,000 school and non-school going children

Health

Through the Lanco Mobile Health Services and the special camps, the programme aims at enhancing communities' access to preventive and primary healthcare through 14 units across 10 states. Additionally, the emphasis is also to establish institutional linkages for referral health services and convergence with the government programmes under the National Rural Health Mission.

Forty Special Health Camps (SHCs) are proposed in the area of eye care, women and children, tuberculosis and disability.

Environment

The aim of this programme is to engage neighbourhood communities to enhance awareness and collaborative action on regeneration and protection of the local environment through tree plantation on individual and common land holdings. With the support of the local community and forest officials, about 120,000 saplings were planted across 120 villages, endorsing the Foundation's objective to enable people to take care of their environment

Disability

Considering the needs of people with Locomotor disabilities, Lanco Foundation aims to enhance access to artificial aids and appliances and provide other services. The objective is to enhance economic opportunities for these people through Artificial Limb Fitting Centres, present across five states, serving over 4,000 people annually. A Celebration of World Disability Day on 3rd December enables the persons with disabilities assert their rights to live with dignity and equal opportunities.

Safe drinking water

Lanco Foundation addresses the problem of safe drinking water in project-intervention villages through the establishment of water treatment plants. Currently, 13 reverse osmosis plants have been set up with the participation of the local community to reach to 6000 households in as many villages in two states. It is proposed to establish 27 more RO plants across eight states, covering over 20,000 households.

Community development

- Supports the community during natural disasters or health emergencies
- Provides livelihood and infrastructure by providing water and sanitation, betterment of sewerage, rural roads and other need-based community infrastructure
- Conducts livelihood promotion training and activities for youth and women to provide them with meaningful employment.

Workplace interventions

Such interventions raise the consciousness of Lanconians on social issues and enable them to pledge their time, knowledge, skills and financial resources in programmes and campaigns implemented as part of CSR. The components comprise:

- Employee Awareness through organising awareness sessions on current development issues
- Employee Volunteerism institutionalized through a campaign entitled "I-live for Community". Events like Elder's Day and Blood Donation camp provide opportunities to volunteers to contribute their services in social initiatives. Till date, 103 volunteers from different locations got registered in this campaign
- Employee Sponsorship by linking them with individuals who require support for health , education, safe drinking water and aids/appliances

INTERNAL CONTROLS AND THEIR ADEQUACY

Lanco follows organised internal control systems implemented by the management towards operations, optimum utilisation of resources and effective monitoring and compliance with all applicable rules. The Internal Control System is commensurate with the size and nature of operations. A firm of Chartered Accountants conducts the internal audit in addition to the Company's own

Internal Audit Department. The Company's Audit Committee reviews Audit Reports submitted by the Internal Auditors. The Committee also meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems and keeps the Board of Directors informed of its major observations periodically.

OUTLOOK

Lanco is committed to undertake new responsibilities and challenges nationally and internationally by virtue of its strengthened business model and motivated personnel. We are confident of leveraging global opportunities, while adhering to our cherished mission, vision and values.

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, 2011 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**

Place: Gurgaon
Date : 29.05.2011

J. Suresh Kumar
Chief Financial Officer

G. Venkatesh Babu
Managing Director

REPORT ON CORPORATE GOVERNANCE

I. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has set for itself the-

Mission of "Development of Society through Entrepreneurship"

Vision of "Most Admired Integrated Infrastructure Enterprise"

The Company firmly believes that Mission and Vision can be realized only by adopting highest standards of Corporate 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 has put in place systems and practices which enable it to conduct its business in line with the best practices elsewhere in the country and the world, but is also continuously striving to improve such systems and practices. 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 Company is managed and controlled through a professional body of Board of Directors, which comprises of an optimum combination of Executive, Non-Executive and Independent Directors headed by the Executive-Chairman. The present strength of Board of Directors is 10 (Ten), including 4 (Four) Executive Directors (40% of the total strength) and 6 (Six) Non-Executive Directors (60% of the total strength). 5 (Five) (50% of total strength of the Board) out of 6 (Six) Non-Executive Directors are Independent Directors. All Independent Directors comply with the requirements of the Listing Agreement for being "Independent Director".

Name, Designation and Director Identification Number (DIN)	Category of Directorship	Number of Memberships in Boards of other Public Companies	Number of Chairmanships in Committees of Boards of other Public Companies	Number of Memberships of Committees of Boards of other Public Companies
Mr. L. Madhusudhan Rao, Executive Chairman DIN: 00074790	Executive	12	2	1
Mr. G. Bhaskara Rao, Executive Vice-Chairman DIN: 00075034	Executive	12	2	2
Mr. L. Sridhar, Vice-Chairman DIN: 00075809	Non-Executive	14	0	0
Mr. G. Venkatesh Babu, Managing Director DIN: 00075079	Executive	12	0	7
Mr. S.C. Manocha,* Whole-time Director DIN: 00007645	Executive	0	0	0
Dr. Pamidi Kotaiah, Director DIN: 00038420	Non-Executive Independent	7	3	3
Mr. P. Abraham, Director DIN: 00280426	Non-Executive Independent	13	0	4
Dr. Uddesh Kumar Kohli, Director DIN: 00183409	Non-Executive Independent	6	2	5
Mr. P. Narsimharamulu, Director DIN: 00064196	Non-Executive Independent	5	4	0
Dr. B. Vasanthan, Director DIN: 01621698	Non-Executive Independent	3	2	1

* Appointed as Additional Director w.e.f. 14.08.2010.

Notes: Mr. L. Madhusudhan Rao, Mr. G. Bhaskara Rao and Mr. L. Sridhar are related inter-se.

(ii) Meetings and attendance during the year.

Seven Board Meetings were held during the year 2010-11. The dates on which the meetings were held are as follows:

30th May, 2010, 11th June, 2010, 14th August, 2010, 11th November, 2010, 12th November, 2010, 07th February, 2011 and 14th March, 2011.

The attendance of each Director at the Board Meetings during the year 2010-11 as well as at last Annual General Meeting is as under:

Name	Number of Board Meetings Held	Number of Board Meetings attended	Attendance at the last Annual General Meeting*
Mr. L. Madhusudhan Rao	7	6	Yes
Mr. G. Bhaskara Rao	7	6	Yes
Mr. L. Sridhar	7	6	Yes
Mr. G. Venkatesh Babu	7	7	Yes
Mr. S.C. Manocha#	5	5	N.A.
Dr. Pamidi Kotaiah	7	7	Yes
Mr. P. Abraham	7	6	Yes
Dr. Uddesh Kumar Kohli	7	7	Yes
Mr. P. Narsimharamulu	7	7	No
Dr. B. Vasanthan	7	7	Yes

*Last Annual General Meeting was held on 31st July, 2010.

Appointed w.e.f. 14.08.2010

N.A. – Not Applicable

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

3. COMMITTEES OF BOARD
(i) Audit Committee
a. 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 utilised 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 Projects under 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.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.

b. Composition

The Audit Committee comprises of 4 (four) Directors, including 3 (three) Independent Directors and 1 (one) Executive Director, the Chairman being the Independent Director.

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

c. Meetings and Attendance during the year

Eight Audit Committee Meetings were held during the year 2010-11. The dates on which the Meetings were held are as follows:

30th May, 2010, 11th June, 2010, 14th August, 2010, 11th November, 2010, 23rd December, 2010, 07th February, 2011, 26th February, 2011 and 14th March, 2011.

The attendance of the Members during the year 2010-11 is given below:

Name	Number of Meetings held	Number of Meetings attended
Dr. Pamidi Kotaiah	8	8
Dr. Uddesh Kumar Kohli	8	8
Mr. P. Narasimharamulu	8	8
Mr. G. Bhaskara Rao	8	7

(ii) Remuneration Committee

a. Brief description of Terms of Reference

The terms of reference of the Remuneration Committee inter-alia include the determination of remuneration packages for the Executive and Non-Executive Directors of the Company.

b. Composition

The Remuneration Committee comprises of 3 (three) Non-Executive Independent Directors.

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

c. Meetings and Attendance during the year

Three Remuneration Committee meetings were held during the year 2010-11. The dates on which the Meetings were held are as follows:

11th June, 2010, 14th August, 2010 and 14th March, 2011.

The attendance of the Members during the year 2010-11 is given below:

Name	Number of Meetings held	Number of Meetings attended
Mr.P.Narsimharamulu	3	3
Dr. Pamidi Kotaiah	3	3
Dr. B.Vasanthan	3	3

d. Remuneration Policy

Remuneration Committee recommends the remuneration for the Executive Directors of the Company. Such recommendation is then approved by the Board and Shareholders. Prior approval of shareholders is also obtained in case of remuneration to Non-Executive Directors.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and macro economic review on remuneration packages of CEOs of other organisations. Perquisites and other allowances are paid according to the policy of the Company as applicable to employees.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as Independent Professionals / Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees.

e. Details of Remuneration to all Directors for the Financial year 2010-11

(₹in Lakhs)

Name	Salary	Perquisites and Allowances	Commission/ Performance Bonus	Contributions to Provident Fund, Gratuity Fund, etc.	Sitting Fees	Number of Stock Options granted*	Term upto
Mr. L. Madhusudhan Rao	316.25	63.36	Nil	Nil	Nil	Nil	31.03.2016*
Mr. G. Bhaskara Rao	316.25	101.39	Nil	Nil	Nil	Nil	31.03.2016*
Mr. G. Venkatesh Babu	437.50	84.43	62.50	Nil	Nil	4,16,665	23.06.2016*
Mr. S.C. Manocha	211.96	8.13	50.00	Nil	Nil	3,33,335	13.08.2015*
Mr. L. Sridhar	Nil	Nil	Nil	Nil	1.60	Nil	N.A.
Dr. Pamidi Kotaiah	Nil	Nil	Nil	Nil	5.20	Nil	N.A.
Mr. P. Abraham	Nil	Nil	Nil	Nil	1.20	Nil	N.A.
Dr. Uddesh Kumar Kohli	Nil	Nil	Nil	Nil	3.00	Nil	N.A.
Mr. P. Narasimharamulu	Nil	Nil	Nil	Nil	5.20	Nil	N.A.
Dr. B. Vasanthan	Nil	Nil	Nil	Nil	2.20	Nil	N.A.

* Subject to the approval of the members at the ensuing Annual General Meeting.

f. Shareholding of Non-Executive Directors as on 31st March, 2011:

S. No.	Name of Director	Number of shares held
1.	Mr. L. Sridhar	4,51,43,587
2.	Dr. Pamidi Kotaiah	36,483
3.	Mr. P. Abraham	5,170
4.	Dr. Uddesh Kumar Kohli	5,880
5.	Mr. P. Narsimharamulu	17,840
6.	Dr. B. Vasanthan	9,500

(iii) Shareholders/Investors Grievance Committee

a. Composition

The Shareholders/Investors Grievance Committee is headed by Mr. L. Sridhar, Non- Executive Director.

The Committee comprises of 3 (three) Directors including 2 (two) Non-Executive Directors and 1 (one) Executive Director, the Chairman being the Non-Executive Director.

Mr. L. Sridhar	Chairman
Mr. G. Venkatesh Babu	Member
Dr. B. Vasanthan	Member

b. Meetings and Attendance during the year.

Two Meetings of the Shareholders/Investors Grievance Committee were held during the year 2010-11 on 14th August, 2010 and 07th February, 2011

The attendance of the Members during the year 2010-11 is given below:

Name	Number of Meetings held	Number of Meetings attended
Mr. L. Sridhar	2	2
Mr. G. Venkatesh Babu	2	2
Dr. B. Vasanthan	2	2

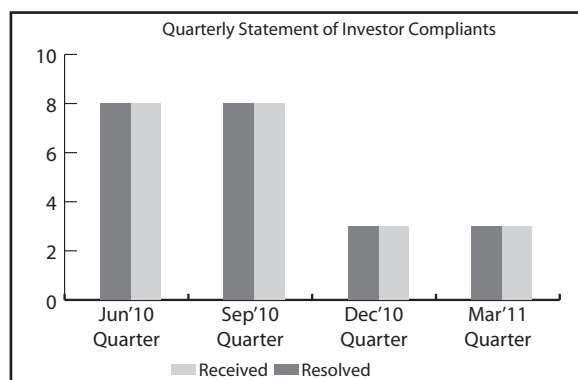
c. Name and Designation of Compliance Officer

Mr. C. Krishnakumar, Executive Director & Company Secretary is the Compliance Officer of the Company.

d. Details of Complaints/ Requests received, resolved and pending during the Year 2010-11

Total Shareholders Complaints/ Requests

Quarter	Received	Resolved	Pending
01.04.2010 - 30.06.2010	8	8	0
01.07.2010 - 30.09.2010	8	8	0
01.10.2010 - 31.12.2010	3	3	0
01.01.2011 - 31.03.2011	3	3	0
Total	22	22	0

**4. GENERAL BODY MEETINGS****(i) Location, Date and Time of Last three AGMs and Special Resolutions passed thereat:**

Year	Location	Date & Time	Special Resolutions passed
2009-10	Green Park Hotel, Greenlands, Begumpet, Hyderabad – 500 016, Andhra Pradesh, India.	July 31, 2010 3.00 p.m.	<p>1. Modification of Employees Stock Option Plan, 2006 to fix the price of options (each option having a right to convert the same into one equity share of ₹ 1/- of the Company) at a price of ₹ 0.243 per option. Further, authorisation to Board to utilise in the new scheme "Employee Stock Option Scheme – 2010" and/ or any other new employee stock option scheme, the unutilised shares lying with LCL Foundation (Trust).</p> <p>2. Resolution u/s 81(1A) - for authorisation to the Board to create, grant, offer, issue and allot to permanent employees and Directors of the Company, Options exercisable by the Employees under a Scheme titled "Employee Stock Option Scheme – 2010" to subscribe to such number of equity shares and/or equity linked instruments which could result in employees in getting equity shares from the Trust of the Company in aggregate 3,80,76,445 equity shares of ₹ 1/- each.</p> <p>3. Resolution u/s 81(1A) - for authorisation to the Board to extend the benefits of the "Employee Stock Option Scheme-2010" to the permanent employees and Directors of subsidiary Companies.</p>

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.	No Special Resolution passed
2007-08	MR 2.03 to 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.	No Special Resolution passed

(ii) Passing of Special Resolution by Postal Ballot

No Special Resolution was passed by postal ballot during the year 2010-11.

No Special Resolution is proposed to be conducted through Postal Ballot.

5. DISCLOSURES

(i) Materially Significant Related Party Transactions

There are no materially significant related party transactions having potential conflicts with the interests of the Company at large.

(ii) Compliances

There has not been any non-compliance by the Company and there are no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

(iii) Whistle Blower Mechanism

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

(iv) Compliance with mandatory requirements and adoption of the non-mandatory requirements.

There has been complete compliance with mandatory requirements and in respect of non-mandatory requirements disclosures have been made to the extent of adoption.

6. MEANS OF COMMUNICATIONS

The Company's quarterly, half-yearly and annual financial results are put on the Company's website www.lancogroup.com. The results are also published in newspapers such as Business Standard, Financial Express, Mint, The Economic Times, The Hindu and Vaartha. The official news releases and presentations made to investors and analysts are also made available on the website of the Company.

Green Initiative in Corporate Governance

Ministry of Corporate Affairs (MCA) vide its circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively have enabled the paperless compliances by allowing service of documents by Companies through electronic mode. With a view to supporting the green initiatives taken by MCA, ensuring speedy delivery of documents to members and avoiding instances of loss in transit of documents sent to members, the Company has sent and proposes to send in future the Annual Report and other documents to the e-mail ID's of the members registered with the Depository Participants, other than to those who have specifically chosen to receive documents in physical form.

Further, the members are requested to register and update their e-mail addresses with their Depository Participant to ensure that the Annual Report and other documents reach them on their preferred e-mail.

7. GENERAL SHAREHOLDERS INFORMATION

(i) Annual General Meeting

Date and Time	30th September, 2011 at 3.30 p.m.
Venue	Green Park Hotel, Greenlands, Begumpet, Hyderabad – 500 016, Andhra Pradesh, India.

(ii) Financial Calendar for the Year 2011-12 (Tentative)

Particulars	Tentative Schedule
Financial reporting for the quarter ending June 30, 2011	On or before August 14, 2011
Financial reporting for the half-year ending September 30, 2011	On or before November 14, 2011
Financial reporting for the quarter ending December 31, 2011	On or before February 14, 2012
Financial reporting for the year ending March 31, 2012	On or before May 30, 2012
Annual General Meeting for the year ending March 31, 2012	Before end September, 2012

(iii) Book Closure Dates

23rd September, 2011 to 30th September, 2011 (both days inclusive).

(iv) Dividend Payment Date

Not Applicable.

(v) Listing on Stock Exchanges

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

The Company has paid the listing fees for the year 2011-12 to both the stock exchanges. There are no arrears of listing fees with any of the said stock exchanges till date.

(vi) Stock Code

Exchange	Code
National Stock Exchange of India Limited	Stock Code: LITL
Bombay Stock Exchange Limited	Stock Code: LITL Scrip Code: 532778
Demat ISIN Number – for NSDL / CDSL	INE785C01048

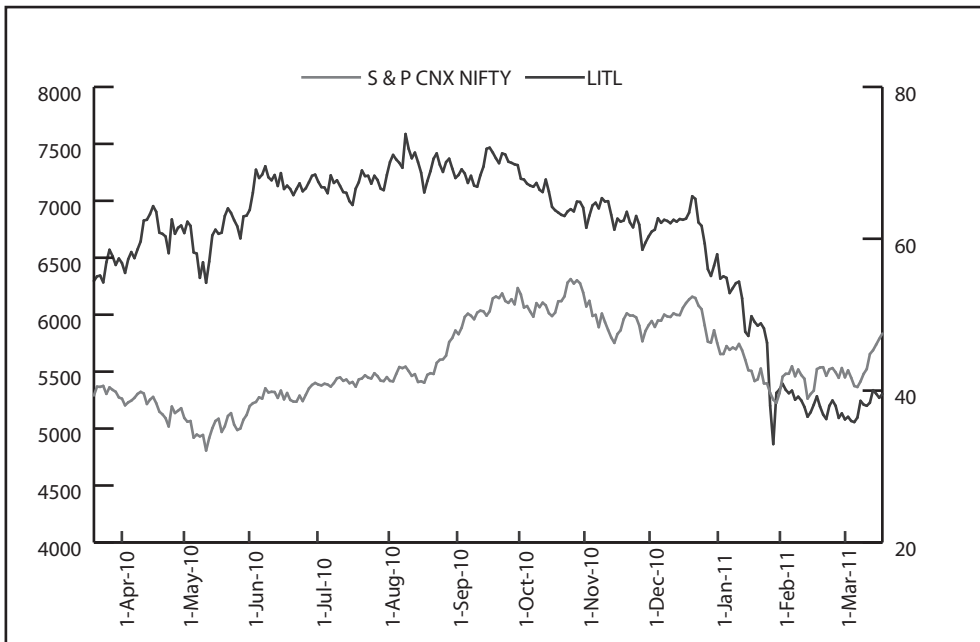
(vii) Stock Market Price Data relating to Equity shares listed in National Stock Exchange of India Limited (NSE), Mumbai, and Bombay Stock Exchange Limited (BSE), Mumbai.

The monthly high and low stock quotations of equity shares of the Company on NSE and BSE during the year 2010-11 was as under:

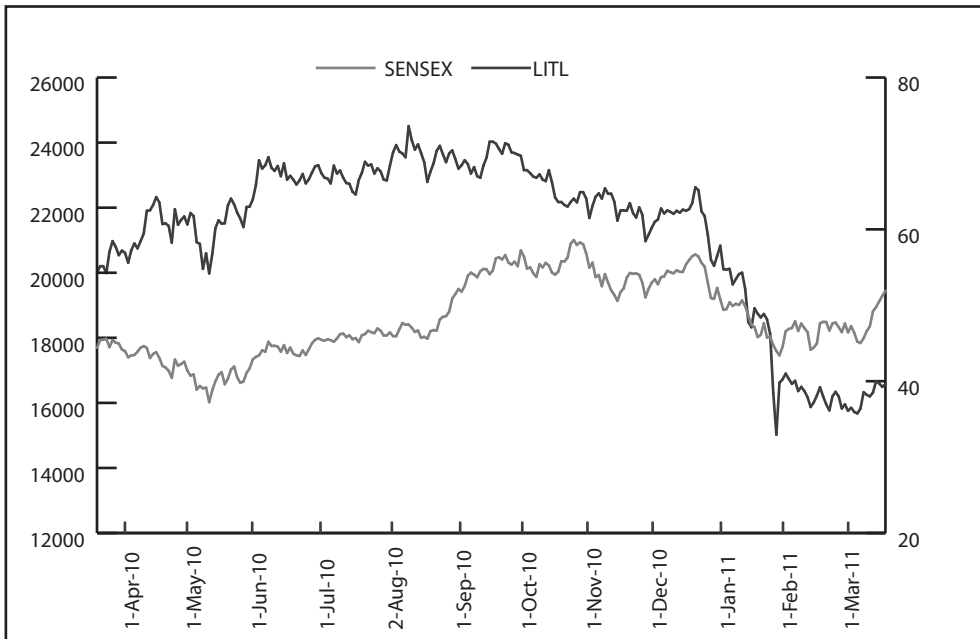
Month	NSE		BSE	
	HIGH	LOW	HIGH	LOW
April, 2010	65.35	52.75	65.20	52.80
May, 2010	64.90	53.80	64.85	53.80
June, 2010	70.40	59.40	70.90	59.45
July, 2010	69.50	63.70	69.80	63.80
August, 2010	74.80	65.00	74.70	65.05
September, 2010	73.45	66.30	73.35	64.00
October, 2010	73.80	61.95	73.70	61.90
November, 2010	66.20	52.55	66.20	52.00
December, 2010	65.20	57.00	65.30	57.05
January, 2011	66.35	45.25	66.40	45.40
February, 2011	51.00	30.80	51.00	31.00
March, 2011	42.00	35.20	40.70	35.20

(In ₹)

(viii) Stock Performance in comparison to NSE S&P CNX NIFTY



Stock Performance in comparison to BSE SENSEX



(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: +91-22-25946970, Fax: +91-22-25946969
 Email: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in

(x) Share Transfer System

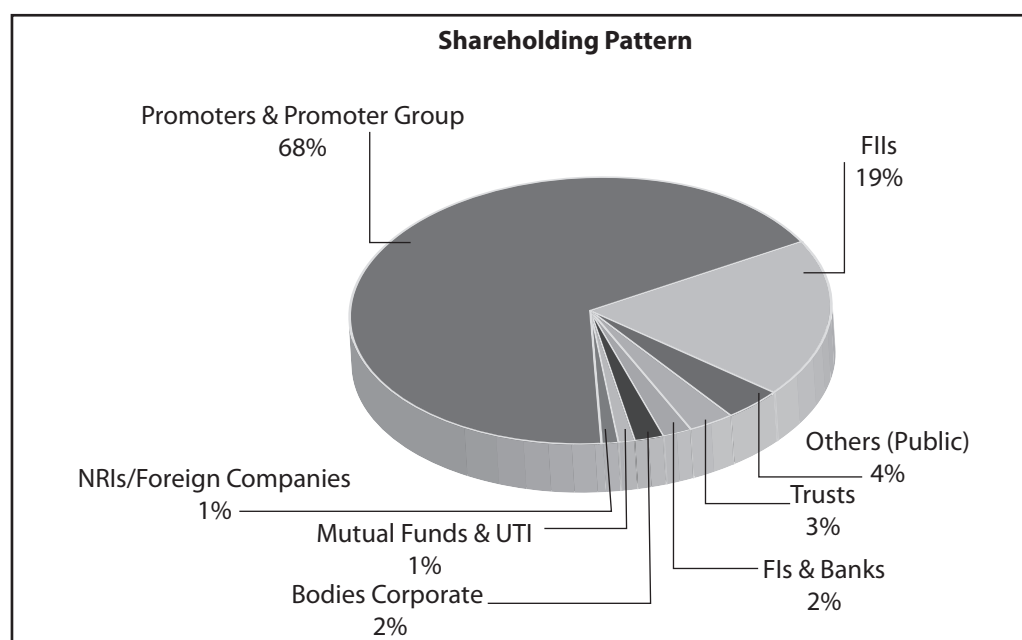
The shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares.

(xi) Distribution of Shareholding as on 31st March, 2011

Nominal Value of Shareholding (in ₹)	No. of Members	Percentage	No. of Shares	Percentage of total
Up to 5000	1,16,763	98.5866	5,21,80,767	2.1672
5001 -- 10000	766	0.6468	57,32,750	0.2381
10001 -- 20000	346	0.2921	50,06,164	0.2079
20001 -- 30000	128	0.1081	31,87,800	0.1324
30001 -- 40000	49	0.0414	17,36,156	0.0721
40001 -- 50000	50	0.0422	22,94,756	0.0953
50001 -- 100000	86	0.0726	65,27,498	0.2711
100001 and above	249	0.2102	2,33,11,39,029	96.8159
Total	1,18,437	100.0000	2,40,78,04,920	100.0000

Shareholding Pattern of the Company as on 31st March, 2011

Category of Shareholder	Number of Shares held	Percentage of Shareholding
Promoter and Promoter Group	1,63,69,40,773	67.99
Mutual Funds/ UTI	3,54,68,430	1.47
Financial Institutions/Banks	4,23,96,484	1.76
Bodies Corporate	5,80,89,943	2.41
Trusts	7,96,98,348	3.31
Foreign Institutional Investors	45,37,34,767	18.84
Non-Resident Indians/Foreign Companies	1,35,94,687	0.57
Others(Public)	8,78,81,488	3.65
Total	2,40,78,04,920	100.00

**(xii) Dematerialisation of Shares and Liquidity**

About 98.77% of the outstanding equity has been in dematerialised form as on 31st March, 2011.

(xiii) Outstanding Convertible Instruments

As of 31st March, 2011, there are no outstanding convertible instruments.

(xiv) Equity Shares in Suspense Account

The disclosure as required under Clause 5A of the Listing Agreement is given below:

- a. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: 51 Shareholders and outstanding Equity Shares : 40960.
- b. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 8 Shareholders.
- c. Number of shareholders to whom shares were transferred from suspense account during the year: 8 Shareholders.
- d. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: 43 Shareholders and outstanding Equity Shares : 31900.
- e. The voting rights on these equity shares shall remain frozen till the rightful owner of such shares claims the shares.

(xv) Plant Locations of Lanco Infratech Limited

- a. Wind Energy Plant at Chikkasiddhavanahalli, Chitradurga District, Karnataka.
- b. Wind Energy Plant at Devarkulam Site, Uttumalai Village, Tirunulveli dist, Tamilnadu.
- c. Solar Energy Plant at Bhadrada Village, Patan District, Gujarat.

Plant Locations of Subsidiary Companies

- d. Lanco Kondapalli Power Limited
IDA, Kondapalli, Ibrahimpatnam Mandal, Krishna District, Andhra Pradesh.
- e. Lanco Tanjore Power Company Limited
Karuppur village, Thiruvidaimaruthur Taluk, Tanjore District, Tamil Nadu.
- f. Lanco Power Limited
Village-Pathadi, P.O-Tilkeja, Korba, Chattisgarh.
- g. Lanco Vidarbha Thermal Power Limited
11th Milestone, Belgaon-Mandwa Road, PO Mandwa, Dist Wardha, Maharashtra.
- h. Lanco Mandakini Hydro Energy Private Limited
Phata Village, Ukhimath Tehsil, Rudra Prayag, Uttarakhand.
- i. Lanco Teesta Hydro Power Private Limited
Lachungpas, 47
Above District Court, Upper Sichey
Gangtok, Sikkim.
- j. Lanco Budhil Hydro Power Private Limited
Village Thalla, P.O. Ghared, Tehsil Bharmour, District Chamba, Himachal Pradesh.
- k. Vamshi Hydro Energies Private Limited
Kangra District, Himachal Pradesh.
- l. Vamshi Industrial Power Limited
Kangra District, Himachal Pradesh.
- m. Lanco Solar Private Limited
Village Chawardhal & Mehrumkhurd, District Rajnandgaon, Chhattisgarh.

(xvi) 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,
Email : 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 2010-11.

For **LANCO INFRATECH LIMITED**

Place: Gurgaon
Date: 01.04.2011

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 Company has established a whistle blower mechanism and has adopted a Whistle Blower Policy, the details of which are given elsewhere in this Report.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of M/s. Lanco Infratech Limited

We have examined the relevant records of M/s. 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, 2011. We 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: 29.07.2011

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, 2011 and the abridged profit and loss account and cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged financial statements"). 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 Clause 32 of the Listing Agreement and are based on the accounts of the company for the year ended March 31, 2011 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated May 29, 2011 to the members of the company which report is attached.

For S. R. Batliboi & Associates

Firm Registration Number: 101049W

Chartered Accountants

per Sanjay Vij

Partner

Membership Number: 95169

Place: Gurgaon

Date: May 29, 2011

For Brahmayya & Co.

Firm Registration Number: 000511S

Chartered Accountants

per N. Sri Krishna

Partner

Membership Number: 26575

Place: Gurgaon

Date: May 29, 2011

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, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. 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 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) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. 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;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. 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 Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Associates

Firm Registration Number: 101049W

Chartered Accountants

For Brahmayya & Co.

Firm Registration Number: 000511S

Chartered Accountants

per Sanjay Vij

Partner

Membership Number: 95169

Place: Gurgaon

Date: May 29, 2011

per N. Sri Krishna

Partner

Membership Number: 26575

Place: Gurgaon

Date: May 29, 2011

Annexure referred to in paragraph 3 of our report of even date

Re: Lanco Infratech Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory (except stocks lying with third parties) at reasonable intervals during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, 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 Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) 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 and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, related to the generation of power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

There are no dues on account of cess under Section 441 A of the Companies Act, 1956, since the aforesaid section has not yet been made effective by Central Government of India.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	18.0	Assessment year 2003-04	Income Tax Appellate Tribunal and with The Honourable High Court, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	8.5	Financial Year 2000-01	The Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Tax on Entry of Goods Act, 2001	Entry Tax	1.8	Financial Year 2007-08	The Appellate Deputy Commissioner CT, Panjagutta-Hyderabad
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	2.7	Financial Year 2001-02	The Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	1.3	Financial Year 2009-10	The Appellate Deputy Commissioner CT, Panjagutta-Hyderabad
The Finance Act, 1994	Service Tax	13.8	April 2005-March 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	15.9	June 2005-August 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	1,292.4	June 2007-March 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	385.9	June 2007-July 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	1,547.4	April 2005-March 2008	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	1.3	April 2008-March 2009	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	37.8	July 2008-September 2009	Commissioner of Central Excise (Appeals)
The Finance Act, 1994	Service Tax	657.8	April 2008-June 2009	Customs, Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	897.9	July 2009-March 2010	Commissioner of Central Excise

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Associates

Firm Registration Number: 101049W
Chartered Accountants

For Brahmayya & Co.

Firm Registration Number: 000511S
Chartered Accountants

per Sanjay Vij

Partner
Membership Number: 95169
Place: Gurgaon
Date: May 29, 2011

per N. Sri Krishna

Partner
Membership Number: 26575
Place: Gurgaon
Date: May 29, 2011

Abridged Balance Sheet as at March 31, 2011

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

(₹ in Lakhs)

	As at March 31, 2011		As at March 31, 2010	
I SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Capital				
(i) Equity		23,871.93		23,854.72
(b) ESOP Outstanding		4,662.71		7,460.09
(c) Reserves and Surplus				
(i) Capital Reserve		429.04		429.04
(ii) General Reserve		145.87		145.87
(iii) Surplus in Profit and Loss Account		1,35,007.92		1,07,176.33
(iv) Securities Premium Account		1,79,827.28		1,76,997.59
(2) Loan Funds				
(a) Secured Loans		3,14,761.02		1,88,933.45
(b) Unsecured Loans		64,946.85		84,441.31
(3) Deferred Tax Liability (Net)		-		538.57
TOTAL		7,23,652.62		5,89,976.97
II APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Net Block - (Original cost less depreciation)		56,617.85		39,889.86
(b) Capital Work in Progress (including Capital Advances)		10,207.63		3,343.46
(2) Investments				
(a) Investments in subsidiary companies				
(i) Unquoted		2,63,064.56		1,55,115.23
(b) Others				
(i) Quoted		146.63		146.63
(Market Value ₹ 264.44 Lakhs {Previous Year : ₹ 222.59 Lakhs})				
(ii) Unquoted		2,76,851.56		1,73,880.09
(3) Deferred Tax Assets (Net)		523.32		-
(4) Current Assets, Loans and Advances				
(a) Inventories	76,188.21		44,721.43	
(b) Sundry Debtors	2,78,764.73		2,30,398.19	
(c) Cash and Bank Balances	32,569.52		36,748.40	
(d) Other Current Assets	677.52		80.04	
(e) Loans and Advances				
(i) To Subsidiary Companies	1,72,443.92		84,873.42	
(ii) To Others	4,09,669.41		1,61,354.30	
(A)	9,70,313.31		5,58,175.78	
Less : Current Liabilities and Provisions				
(a) Liabilities	8,46,940.29		3,33,855.01	
(b) Provisions	7,131.86		6,719.07	
(B)	8,54,072.15		3,40,574.08	
Net Current Assets (A) - (B)		1,16,241.16		2,17,601.70
TOTAL		7,23,652.62		5,89,976.97

Notes to Abridged Financial Statements form an integral part of the Abridged Balance Sheet.

As per our report on Abridged Financial Statements of even date

For S. R. Batiboi & Associates

Firm Reg. No. 101049W

Chartered Accountants

For Brahmayya & Co.

Firm Reg. No. 000511S

Chartered Accountants

For and on behalf of the Board of Directors of
Lanco Infratech Limited
per Sanjay Vij

Partner

M. No. 95169

per N. Sri Krishna

Partner

M. No. 26575

L. Madhusudhan Rao

Executive Chairman

DIN - 00074790

G. Venkatesh Babu

Managing Director

DIN - 00075079

J. Suresh Kumar

Chief Financial Officer

Place: Gurgaon

Date: May 29, 2011

C. Krishna Kumar

Executive Director & Company Secretary

Place: Gurgaon

Date: May 29, 2011

Abridged Profit and Loss Account For The Year Ended March 31, 2011

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

(₹ in Lakhs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
I. Income		
Operating Income	5,87,231.94	5,94,125.39
Dividend	239.07	111.95
Interest	2,900.13	2,785.64
Other Income	1,147.28	2,798.38
TOTAL	5,91,518.42	5,99,821.36
II. Expenditure		
Construction and Generation Expenses		
Opening Contract Work In Progress	28,769.35	36,151.01
Add: Construction Material Consumed	3,19,395.50	3,37,918.91
Less: Closing Contract Work-in-Progress	62,884.35	28,769.35
	2,85,280.50	3,45,300.57
Operating Expenses	1,64,980.05	1,19,475.59
Salaries, Wages and Other Employee Benefits	39,687.77	26,126.63
Managerial Remuneration	1,593.64	1,171.86
Interest and Finance charges	33,774.16	19,794.02
Depreciation/Amortisation	7,206.30	5,977.09
Auditor's Remuneration	129.64	107.90
Provision for Advances/Claims/Debts	318.50	116.40
Other expenses	16,516.27	9,741.00
TOTAL	5,49,486.83	5,27,811.06
III. Profit Before Taxation	42,031.59	72,010.30
IV. Provision for Taxation		
- Current Tax	15,203.01	24,419.14
- Relating to Previous Years	58.88	195.74
- Deferred Tax	(1,061.89)	(1,242.69)
V. Profit after Taxation	27,831.59	48,638.11
Balance of Profit brought forward	1,07,176.33	58,538.22
Balance of profit Carried to Balance Sheet	1,35,007.92	1,07,176.33
Earning per Share (Equity share of ₹ 1 each fully paid up)		
Basic Earnings per Share (₹)	1.20	2.17
Diluted Earnings per Share (₹)	1.19	2.14

Notes to Abridged Financial Statements form an integral part of the Abridged Profit and Loss Account.

As per our report on Abridged Financial Statements of even date

For S. R. Batiboi & Associates

Firm Reg. No. 101049W
Chartered Accountants

per Sanjay Vij

Partner
M. No. 95169

For Brahmayya & Co.

Firm Reg. No. 000511S
Chartered Accountants

per N. Sri Krishna

Partner
M. No. 26575

**For and on behalf of the Board of Directors of
Lanco Infratech Limited**

L. Madhusudhan Rao

Executive Chairman
DIN - 00074790

J. Suresh Kumar

Chief Financial Officer

G. Venkatesh Babu

Managing Director
DIN - 00075079

C. Krishna Kumar

Executive Director & Company Secretary

Place: Gurgaon
Date: May 29, 2011

Place: Gurgaon
Date: May 29, 2011

Abridged Cash Flow Statement For The Year Ended March 31, 2011

(₹ in Lakhs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	42,031.59	72,010.30
Adjustments for:		
Depreciation	7,206.30	5,977.09
Dividend Income	(239.07)	(111.95)
Profit on sale of Current Investments	(0.35)	(372.65)
Profit on sale of Long Term Investments	(123.03)	(1,461.79)
Profit on sale of Fixed assets	(3.71)	(0.06)
Loss on sale of Fixed assets	582.50	68.33
Interest Income	(1,332.75)	(1,856.62)
Interest Expenses	33,774.16	19,794.02
Gain on Foreign Exchange Fluctuations (net)	(5,424.13)	(3,748.60)
Liabilities and Provisions no longer required written back	(92.04)	(9.50)
Provision for Advances / claims / debts	318.50	116.40
Employee Stock Option Charge during the year	3,971.43	3,782.16
Operating Profit Before Working Capital Changes	80,669.40	94,187.13
(Increase) in Trade and Other Receivables	(1,33,219.36)	(1,29,733.31)
(Increase) in Inventories	(31,466.78)	(2,523.93)
Increase in Advances from Customers	4,67,034.56	3,851.12
Increase in Trade Payables other than advances from Customers	8,579.16	67,051.34
Cash Flow From Operations	3,91,596.98	32,832.35
Direct Taxes Paid	(18,517.36)	(24,782.63)
Net Cash Flow From Operating Activities	3,73,079.62	8,049.72
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(24,940.17)	(9,480.73)
Proceeds from sale of Fixed Assets	427.08	16.00
Capital Work in Progress including Capital Advances	(6,864.17)	(1,106.36)
Proceeds from Sale of Long term Investments - Subsidiaries	723.03	3,784.10
Proceeds from Sale of Long term Investments - Others	20,001.48	-
Purchase of Long term Investments - Subsidiaries	(6,073.84)	(48,597.60)
Purchase of Long term Investments- Others	(11,225.46)	(53,063.40)
Sale/(Purchase) of Current Investments (Net)	35,234.42	(31,675.96)
Inter Corporate Deposits given	(56,255.32)	(12,100.00)
Advance for investment - Subsidiaries	(1,83,585.87)	(32,091.50)
Advance for investment - Others	(2,74,771.41)	(10,370.50)
Advance for investment refunded - Subsidiaries	46,956.76	5,643.50
Advance for investment refunded - Others	9,631.00	16,840.29
Dividend received	239.07	111.95
Interest received	735.27	1,884.40
Net Cash (used in) Investing Activities	(4,49,768.13)	(1,70,205.81)

Abridged Cash Flow Statement For The Year Ended March 31, 2011

(₹ in Lakhs)

	For the year ended March 31, 2011	For the year ended March 31, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short-term Borrowings (Net)	1,03,969.03	22,539.00
Proceeds from Foreign Currency Loan	67,248.41	23,088.76
Repayment of Foreign Currency Loan	(20,787.54)	(40,424.46)
Proceeds from Long-term Borrowings	42,621.44	118,119.60
Repayment of Long-term Borrowings	(86,717.53)	(6,762.30)
Proceeds on account of exercise of ESOP Shares	17.21	29.50
Proceeds on account of QIP issue of Equity Shares including Securities Premium	-	72,734.90
Inter Corporate Deposits Received	-	22,500.00
Share issue expenses	-	(1,424.50)
Interest Paid	(33,589.85)	(19,694.10)
Net Cash Flow from Financing Activities	72,761.17	1,90,706.40
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(3,927.34)	28,550.31
Cash and Cash Equivalents at the beginning of the Year	34,568.97	6,018.66
Cash and Cash Equivalents at the end of the Year	30,641.63	34,568.97
Components of Cash and Cash Equivalents		
Cash in Hand	17.17	10.91
Balances with Scheduled Banks		
-On Current Accounts	13,339.65	9,967.74
-On Deposit Accounts	17,810.82	25,281.84
-On Margin Money Accounts	1,401.63	1,487.62
Balances in Current Account with Bank of China, Beijing Branch	0.25	0.29
Cash and Bank Balances as per Schedule 11	32,569.52	36,748.40
Less: Long term deposits and margin money with scheduled banks not considered as cash equivalents	1,927.89	2,179.43
Cash and Cash equivalents in Cash Flow Statement	30,641.63	34,568.97

Notes:

- The above abridged 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.
- Previous year's figures have been regrouped and reclassified to conform to those of the current year.

As per our report on Abridged Financial Statements of even date

For S. R. Batiboi & Associates
Firm Reg. No. 101049W
Chartered Accountants

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

**For and on behalf of the Board of Directors of
Lanco Infratech Limited**

per Sanjay Vij
Partner
M. No. 95169

per N. Sri Krishna
Partner
M. No. 26575

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

G. Venkatesh Babu
Managing Director
DIN - 00075079

J. Suresh Kumar
Chief Financial Officer

C. Krishna Kumar
Executive Director & Company Secretary

Place: Gurgaon
Date: May 29, 2011

Place: Gurgaon
Date: May 29, 2011

Notes to Abridged Financial Statements

I. Nature of Operations

Lanco Infratech Limited is an integrated infrastructure developing company. The company provides engineering, procurement, construction, commissioning and project management services on a turnkey basis to the power Sector for thermal (coal fired and gas fired) and hydro power plants as well and also construction of highways, power plants, water supply and irrigation projects including dam, tunnels etc.

II. Significant Accounting Policies

Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company with those used in the previous year.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from Services

For EPC and Construction contracts, contract prices are either fixed or subject to price escalation clauses.

Revenues are recognised on a percentage of completion method measured on the basis of stage of completion which is as per joint surveys and work certified by the customers.

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

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

Amounts due in respect of price escalation claims and/or variation in contract work are recognized as revenue only if the contract allows for such claims or variations and/or there is evidence that the customer has accepted it and are capable of being reliably measured.

Management Consultancy

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

Sales

Revenue from sale of power (net of discount) is recognized on accrual basis.

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

Delayed payment charges and interest on delayed payments for power supply are recognized on acceptance by customers.

Revenue from sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognized on accrual basis on sale of eligible credits.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

Impairment of Assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining 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 arrived on straight line basis and charged to the Profit and Loss Account on accrual basis.

Depreciation/Amortization

Tangible Assets:-

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. Assets costing ₹ 5000 or less are fully depreciated in the year of acquisition.

Certain project related construction assets including temporary structures are depreciated over the respective estimated project periods. Depreciation on 'Wooden Scaffoldings' is provided at 100%, and 'Metal Scaffoldings' is written off over a period of 3 years, which are grouped under plant and machinery.

Leasehold improvements included in "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 improvements, depreciation is charged from the date the asset is ready to use/up to the date of deletion.

Intangible Assets:-

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized as follows:

Computer Software is amortized over an estimated useful life of 4 years.

Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Inventories

Construction materials and project / construction work-in-progress are valued at lower of cost and net realizable value.

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

Cost is determined on Weighted Average Cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Employee Benefits

i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when

the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

- ii. Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Retention bonus liability is provided for on the basis of actuarial valuation at the end of each financial year.
- iv. Compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Claims

Claims for duty drawback are accounted for on accrual basis.

Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

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 commitments and / or in respect of 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

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Earnings per Share

Basic earnings per share are calculated by dividing the net

profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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 by using a substantial degree of estimation, if

- (a) The company has a present obligation as a result of past event,
- (b) A probable outflow of resources is expected to settle the obligation; and
- (c) 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) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- (b) A present obligation arising from past events, when no reliable estimate is possible; or
- (c) 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.

Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

III. Notes to Accounts:**1. (A) Secured Loans**

(Note No. 1 (A) of Schedule 20 (III) of Financial Statements)

- a) Rupee term loan from financial institution
- of ₹ 10,714.29 Lakhs (Previous Year: ₹ 12,857.14 Lakhs) is secured by way of hypothecation of certain plant and machinery amounting to ₹ 5,003.60 Lakhs on first charge basis and collateral security of land belonging to and some of its subsidiaries.
 - of ₹ 30,000 Lakhs (Previous Year: ₹ 30,000 Lakhs) is secured by way of pledge of shares of a subsidiary held by the Company and also by pledge of shares of the Company held by one of the promoters and another loan of ₹ Nil Lakhs (2010: ₹ 20,000 Lakhs) from a financial institution is secured by way of pledge of mutual fund units of equivalent amount.
- b) Rupee term loan from banks
- of ₹ 1,816.08 Lakhs (Previous Year : ₹ 2,137.36 Lakhs) 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.
 - of ₹ 3,066.47 Lakhs (Previous Year : ₹ Nil Lakhs) is secured by way of mortgage on immovable assets pertaining to solar projects and hypothecation of movable assets both present and future of the company on first charge basis.
 - of ₹ 50,516.82 Lakhs (Previous Year : ₹ 45,101.10 Lakhs) are secured by way of pledge of shares of a subsidiary held by the Company and also by pledge of shares of the Company held by the promoters.
 - of ₹ 10,000 Lakhs (Previous Year : ₹ 19,998.30 Lakhs) are secured by a first 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.
- c) Foreign currency loans (Buyers Credit) from banks of ₹ 47,266.54 Lakhs (Previous Year : ₹ 806.36 Lakhs) 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 a term loan lender of ₹ 10,000 Lakhs and other working capital lenders, under multiple banking arrangements
- d) Hypothecation Loans of ₹ 6,495.03 Lakhs (Previous Year: ₹ 7,116.43 Lakhs) are secured by hypothecation of specific construction equipment/ vehicles acquired out of such loans.

- e) Cash Credit and working capital loans from banks
- of ₹ 1,54,885.79 Lakhs (Previous Year: ₹ 47,725.76 Lakhs) from Banks 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 a term loan lender of ₹ 10,000 Lakhs and other working capital lenders under multiple banking arrangement.
 - of ₹ Nil Lakhs (Previous Year : ₹ 3,191.00 Lakhs) 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.

(B) Unsecured Loans

(Note No. 1 (B) of Schedule 20 (III) of Financial Statements)

All the unsecured loans from banks are guaranteed by way of pledge of shares of the company held by the promoters.

2. Contingent Liabilities – Not provided for

(Note No. 2 of Schedule 20 (III) of Financial Statements)

- Sales Tax/Entry Tax Demands disputed by the Company, under appeal ₹ 434.03 Lakhs (Previous Year : ₹ 29.40 Lakhs).
- Income Tax Demands disputed by the Company relating to disallowances made in various assessment proceedings, under appeal ₹ 61.26 Lakhs (Previous Year : ₹ 422.20 Lakhs).
- Service Tax demands disputed by the Company relating to applicability of service tax to various services, under appeal works out to ₹ 5,116.09 Lakhs (Previous Year : ₹ 3,560.50 Lakhs)
- Corporate guarantees given to Financial Institutions, Banks on behalf of other group companies ₹ 10,29,530.86 Lakhs (Previous Year : ₹ 3,87,578.20 Lakhs).

3. Forward Contracts

(Note No. 3 of Schedule 20 (III) of Financial Statements)

- a) Forward cover for foreign currency creditors outstanding as of balance sheet date is :-

Particulars	2011	2010
Buy	Nil	Euro 6.64 Lakhs (₹ 402.10 Lakhs)

- b) Forward cover for firm commitments or highly probable forecast transaction as of balance sheet date is ₹ 6,697.50 Lakhs (Previous Year : ₹ 20,313.00 Lakhs).

Particulars	2011	2010
Buy	USD 150.00 Lakhs (₹ 6,697.50 Lakhs)	USD 450.00 Lakhs (₹ 20,313 Lakhs)

- c) Foreign currency exposure (net) that are not hedged by derivative instruments or otherwise is ₹ 1,95,493.17 Lakhs (Previous Year : ₹ 45,926.07 Lakhs).

(₹ in Lakhs)

Particulars	Currency Type	2011			2010		
		Amount in Foreign Currency	Exchange Rate	Amount in ₹	Amount in Foreign Currency	Exchange Rate	Amount in ₹
Sundry Debtors	USD	939.60	44.65	41,953.12	614.46	45.14	27,736.61
Sundry Creditors	USD	1,536.23	44.65	68,592.63	1,986.73	45.14	89,681.10
	EURO	1.66	63.24	104.98	11.95	60.56	723.52
	CHF	-	-	-	1.66	60.56	100.53
Advance to Suppliers	USD	2,711.08	44.65	1,21,049.58	304.64	45.14	13,751.35
	Yuan	-	-	-	0.51	5.65	2.86
	GBP	-	-	-	0.13	68.03	8.90
	EURO	0.91	63.24	57.79	-	-	-
Advance from Customers	USD	5,433.14	44.65	2,42,589.52	22.14	45.14	999.44
Loans Receivable	USD	-	-	-	90.36	45.14	4,078.80
Buyer's Credit	USD	1,043.71	44.65	46,601.64	-	-	-
	CHF	13.65	48.71	664.89	-	-	-

4. Capital Commitments

(Note No. 4 of Schedule 20 (III) of Financial Statements)

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 6,349.31 Lakhs (Previous Year : ₹ 1,187.00 Lakhs)

5. (Note No. 5 of Schedule 20 (III) 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 8 are pledged with banks and financial institutions who have extended loan facilities to the respective investee companies.

Sr. No.	Investee Company	No. of Shares pledged	
		2011	2010
1	Lanco Tanjore Power Company Limited – Equity Shares (Formerly Aban Power Company Limited)	1,94,30,268	4,97,48,868
2	Lanco Power Limited – Equity Shares (Formerly Lanco Amarkantak Power Ltd.)	54,28,12,437	38,21,36,150
3	Lanco Budhil Hydro Power Private Limited – Equity Shares (Formerly Lanco Green Power Private Ltd.)	2,52,50,000	2,52,50,000
4	Lanco Kondapalli Power Limited – Equity Shares @	12,75,77,300	12,75,77,300
5	Lanco Teesta Hydro Power Private Limited – Equity Shares (Formerly Lanco Energy Private Ltd.)	71,88,210	71,88,210
6	Udupi Power Corporation Limited – Equity Shares	2,25,00,000	2,25,00,000
7	Udupi Power Corporation Limited – Preference Shares	55,21,52,448	53,21,52,448
8	Lanco Anpara Power Limited – Equity Shares	7,742	7,742
9	Lanco Anpara Power Limited – Preference Shares	42,00,00,000	33,00,00,000
10	Lanco Hoskote Highways Private Limited – Equity Shares	5,02,82,600	2,60,02,600
11	Lanco Devihalli Highways Private Limited – Equity Shares	4,59,12,600	1,04,02,600
12	Lanco Babandh Power Limited – Equity Shares	2,60,000	-
13	Lanco Babandh Power Limited - Preference Shares	10,00,00,000	-
14	Lanco Vidharbha Thermal Power Limited – Equity Shares (Formerly Lanco Vidarbha Thermal Power Private Ltd.)	10,25,355	-

@ Out of total 12,75,77,300 Equity Shares of Lanco Kondapalli Power Limited, 1,23,17,300 shares (Previous Year : 1,23,17,300) were pledged for the purpose of availing loan facilities by Lanco Infratech Ltd.

6. (Note No.6 of Schedule 20 (III) of Financial Statements)

Amounts paid to subsidiaries, associates and other companies, towards share application money, to the extent not refunded/allotted, have been considered as advances, pending allotment and will be adjusted on allotment .

7. (Note No.7 of Schedule 20 (III) of Financial Statements)

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 no. 18 of schedule 20(III) of financial statements. The Company along with Lanco Group Limited (one of its promoters) holds the remainder of shares in associates through various intermediate companies. In case of UPCL, LAnPL and LBPL, the company holds cumulative compulsory 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.

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

(Note No.9 of Schedule 20 (III) of Financial Statements)

(₹ in Lakhs)

Particulars	2011	2010
1. Amount of Contract revenue recognized during the year	5,72,103.61	5,79,794.00
2. Aggregate amount of costs incurred and recognized profits for contracts in progress (less recognized losses) up to the reporting date. [including construction work in progress/ Inventory of ₹ 62,649.75 Lakhs (Previous Year : ₹ 37,797.20 Lakhs)	16,59,614.13	9,34,648.30
3. Amount of customer advances outstanding for contracts in progress	6,37,263.06	1,69,996.80
4. Retention amount due from customers for contracts in progress	98,178.42	63,842.10
5. Gross amount due from customers for contract works as an asset	1,70,159.86	2,15,948.30

9. Earnings Per Share (EPS)

(Note No. 11 of Schedule 20 (III) of Financial Statements)

Particulars		2011	2010
Net profit available for Equity Share Holders (₹ in Lakhs)	A	27,831.54	48,638.20
Weighted average number of Equity Shares for Basic EPS	B	2,32,24,70,087	2,24,15,25,934
Add: Adjustment for outstanding options under ESOP		2,40,09,164	2,65,02,672
Weighted Average number of Equity shares for Diluted EPS	C	2,34,64,79,251	2,26,80,28,606
Nominal value of share		₹ 1	₹ 1
Basic EPS	A/B	1.20	2.17
Diluted EPS	A/C	1.19	2.14

10. Employee Benefits

(Note No. 12 of Schedule 20 (III) of Financial Statements)

(i) Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

(₹ Lakhs)

Particulars	2011	2010
	Gratuity	
Projected benefits obligation at the beginning of the year	738.65	283.65
Current service cost	511.15	276.10
Interest cost	54.79	19.00
Actuarial loss/(gain)	(94.50)	144.20
Benefits paid	(16.19)	15.70
Projected benefit obligation at the end of the year	1,193.90	738.65

Particulars	2011	2010
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the year	1,193.90	738.65
Fair value of plan assets at end of the year	-	-
Plan –(asset)/liability	1,193.90	738.65
(Assets)/Liability recognized in the balance sheet	1,193.90	738.65
Cost for the year		
Current service cost	511.15	276.10
Interest cost	54.79	19.00
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(94.50)	144.20
Net Cost	471.44	439.30
Assumptions		
Discount Rate (%)	8.067	7.50
Estimated Rate of Return on Plan Assets	-	-
Expected average remaining service (in Years)	4.05	4.60
Attrition Rate (%)	19.00	16.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

During the year the company has provided retention bonus of ₹ 1,055.59 Lakhs (Previous year Nil)

The provision for compensated absences as per actuarial valuation as at March 31, 2011 is ₹ 3,474.53 Lakhs (Previous Year ₹ 2,277.95 Lakhs).

Amounts for the current and previous four periods are as follows:

(₹ Lakhs)

Particulars	2011	2010	2009	2008
Present Value of Defined benefit obligation	1,193.85	738.60	283.60	187.90
Surplus / (deficit)	(1,193.85)	(738.60)	(283.60)	(187.90)
Experience adjustments on plan liabilities	27.61	144.16	-	-

This being the fourth year of application of Accounting Standard 15 (revised), the information in relation to actuarial valuation of gratuity for previous one annual period as required by para 120(n)(i) is not provided.

(ii) Defined Contribution Plans:

In respect of the defined contribution plan (Provident Fund), an amount of ₹ 1,042.26 Lakhs (Previous Year : ₹ 691.90 lakhs) has been recognized as expenditure in the Profit and Loss Account.

In respect of State Plans (Employee State Insurance) an amount of ₹ 3.35 Lakhs (Previous Year : ₹ 3.20 Lakhs) has been recognized as expenditure in the Profit and Loss Account.

11. Leases :

(Note No. 14 of Schedule 20 (III) of Financial Statements)

In case of assets taken on lease

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:

(₹ Lakhs)

Particulars	2011	2010
Lease Rentals under cancellable leases	1,370.66	483.90
Lease Rentals under non-cancellable leases	1,611.61	1,189.20
Obligations on non-cancellable-Operating lease:		
Not later than one year	1,946.51	1,220.50
Later than one year and not later than five years	2,194.42	783.10
Later than five years	-	11.50

In case of assets given on lease

The company has leased out building, furniture & fixtures on operating lease. The lease term is for 11 months and thereafter renewable. There are no restrictions imposed by lease arrangements.

Future minimum lease payments receivable

(₹ in Lakhs)

Particulars	2011	2010
Not later than one year	22.98	23.20

12. (Note No. 15 of Schedule 20 (III) 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.

(₹ in Lakhs)

Particulars	2011	2010
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year	92.26	2.11
(ii) Interest due on the above amount	0.44	0.07
b. (i) Amount of interest paid in terms of Section 16 of the MSMED Act, 2006.	-	-
(ii) Amount of payments made to the suppliers beyond the appointed day during the year	10.00	0.41
c. Amount of interest due and payable for the delay in making the payment but without adding the interest specified under Act	0.21	0.02
d. Amount of interest accrued and remaining unpaid at the end of the year	0.65	0.09
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.	-	-

13. (Note No. 16 of Schedule 20 (III) 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.

14. (Note No. 17 of Schedule 20 (III) of Financial Statements)

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

(₹ in Lakhs)

Sr. No.	Name of the Company	Amount Outstanding as at		Maximum Amount Outstanding during the year	
		March 31, 2011	March 31, 2010	2010-11	2009-10
	Subsidiaries				
1	Lanco International PTE Ltd (Earlier Lanco Enterprise PTE Ltd.)	-	4,078.80	27,487.25	4,124.30
2	Vamshi Hydro Energies Pvt Ltd*	586.00	-	586.00	-
3	Vamsi Industrial Power Ltd.*	1,372.50	-	1,372.50	-
4	Lanco Power Ltd (Earlier Lanco Amarkantak Power Ltd.) #	9,500.00	-	30,900.00	-
5	Lanco Solar Energy Pvt Ltd.	31.02	-	1,531.02	-
6	Lanco Solar Pvt Ltd	250.00	-	250.00	-
7	Mercury Projects Pvt Ltd.	28,063.31	-	31,370.00	-
8	National Energy Trading and Services Ltd (Earlier Lanco Power Trading Ltd.)	-	1.20	1.20	6,651.50
9	Lanco Budhil Hydro Power Pvt Ltd.* (Earlier Lanco Green Power Private Ltd.)	2,450.00	492.50	2,450.00	492.50
10	Lanco Budhil Hydro Power Pvt Ltd (Earlier Lanco Green Power Private Ltd.) #	15,275.00	-	15,275.00	-
	Associates				
1	Lanco Babandh Power Limited	15,400.00	15,205.70	15,400.00	18,698.40

*Repayable beyond 7 years

Lower than bank rate

15. Related Party Transactions

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

a) Names of Related Parties and description of relationship.
i) Names of related parties over which control exists irrespective of whether or not there have been transactions during the year

Relation	S. No.	Related Party Name
Subsidiary Companies	01	Lanco Kondapalli Power Limited (Formerly Lanco Kondapalli Power Private Limited (LKPL))
	02	Lanco Tanjore Power Company Limited (Formerly Aban Power Company Limited (APCL))
	03	National Energy Trading and Services Limited (Formerly Lanco Power Trading Limited (NETS))
	04	Lanco Teesta Hydro Power Private Limited (Formerly Lanco Energy Private Limited (LTHPPL))
	05	Lanco Budhil Hydro Power Private Limited (Formerly Lanco Green Power Private Limited (LBHPPL))
	06	Lanco Hydro Power Ventures Private Limited (LHPVPL)
	07	Vamshi Industrial Power Limited (VIPL)
	08	Vamshi Hydro Energies Private Limited (VHEPL)
	09	Lanco Mandakini Hydro Energy Private Limited (Formerly Lanco Hydro Energies Private Limited (LMHEPL))
	10	Lanco Power Limited (Formerly Lanco Amarkantak Power Limited (LPL))
	11	Mercury Projects Private Limited (MPPL)
	12	Lanco Wind Power Private Limited (LWPPPL)
	13	Lanco Solar Private Limited (LSPL)
	14	Lanco Vidarbha Thermal Power Limited (Formerly Lanco Vidarbha Thermal Power Private Limited (LVTPL))
	15	Amrutha Power Private Limited (APPL)
	16	Spire Rotor Private Limited (SRPL)
	17	Lanco Solar Energy Private Limited (Formerly Lanco Solar Projects (India) Private Limited (LSEPL))
	18	Bhanu Solar Projects Private Limited (BSPPL)
	19	Diwakar Solar Projects Private Limited (DSPPL)
	20	Khaya Solar Projects Private Limited (KSPPL)
	21	Himavat Power Private Limited (HPPL)
	22	Arneb Power Private Limited(ArPPL)
	23	Regulus Power Private Limited (Formerly Nandigama Power Private Limited (RPPL))
	24	Lanco Kanpur Highways Limited (LKHL)
	25	JH Patel Power Project Private Limited (JhPL)
	26	Lanco Hills Technology Park Private Limited (LHTPPL)
	27	Telesto Properties Private Limited (Formerly Coral Agro Estates Pvt. Limited (TePPL))
	28	Cordelia Properties Private Limited (Formerly Garnet Agro Estates Pvt. Limited (CPCL))
	29	Dione Properties Private Limited (Formerly Diamond Farms Pvt. Limited (DPPL))
	30	Deimos Properties Private Limited (Formerly Ruby Agro Farms Pvt. Limited (DePPL))
	31	Pearl Farms Private Limited (PFPL)
	32	Uranus Projects Private Limited (UPPL)
	33	Neptune Projects Private Limited (NPPL)
	34	Cressida Properties Private Limited (CrPPL)
	35	Leda Properties Private Limited (LPPL)
	36	Thebe Properties Private Limited (ThPPL)

Relation	S.No.	Related Party Name
	37	Uranus Infratech Private Limited (UIPL)
	38	Coral Orchids Private Limited (COPL)
	39	Jupiter Infratech Private Limited (JIPL)
	40	Lanco Solar Services Private Limited
	41	Lanco Infratech (Mauritius) Limited (LIML)
	42	Lanco International Pte Limited (Formerly Lanco Enterprise PTE Ltd (LInPL))
	43	P.T Lanco Indonesia Energy (LInE)
	44	Lanco Solar Holding Netherland B.V
	45	Lanco Solar International Pte Limited
	46	Lanco Holding Netherland B.V
	47	Green Solar SRL
	48	Lanco Enterprise Pte Limited (China)
	49	Lanco Solar International Limited - LSIL
	50	Lanco Italy PV 1 Investments B.V
	51	Lanco Italy PV 2 Investments B.V
	52	Lanco Spain PV1 Investments B.V
	53	Lanco Solar International USA Inc.
	54	LE New York – LLC
	55	Lanco Resources International Pte Limited (LRIPL)
	56	Lanco Power International Pte Limited
	57	Lanco Resources Australia Pty. Limited (LRAPL)
	58	The Griffin Coal Mining Company Pty Limited
	59	Carpenter Mine Management Pty Limited
	60	Lanco Energy Africa
	61	Inversion Solar Andalucia 14 SL
	62	Lanco Rocky Face Land Holdings LLC
	63	Lanco Tracy City Land Holding LLC (USA)
	64	Lanco North Park Land Holding One LLC (USA)
	65	Lanco North Park Land Holding Two LLC (USA)
	66	Apricus S.R.L
	67	Lanco Solar Project Development SL

ii) **Names of the related parties with whom transactions were carried out during the year and description of relationship:**

Relation	S.No.	Related Party Name
Key Management Personnel and their Relatives	01	Sri L.Madhusudhan Rao (Chairman) (LMR)
	02	Sri G.Bhaskara Rao (Vice Chairman) (GBR)
	03	Sri L.Sridhar (Brother of LMR) (LS)
	04	Smt L.Rajya Lakshmi (Spouse of LMR)
	05	Smt. G.Padmavathi (Spouse of GBR)
	06	Smt. L.Sirisha (Spouse of LS) (Ms. LS)
	07	Sri G.Avinash (Son of GBR)
	08	Sri G.Venkatesh Babu (Managing Director) (GVB)
	09	Sri. S.C. Manocha (Whole Time Director) (SCM)

Relation	S.No.	Related Party Name
Enterprises where Significant Influence Exists	01	Udupi Power Corporation Limited (UPCL)
	02	Lanco Hoskote Highway Private Limited (LHHPL)
	03	Lanco Devihalli Highways Private Limited (LDHPL)
	04	Ananke Properties Private Limited (AnPPL)
	05	Bianca Properties Private Limited (BiPPL)
	06	Belinda Properties Private Limited (BePPL)
	07	Tethys Properties Private Limited (TPPL)
	08	Portia Properties Private Limited (Formerly Garnet Groves Private Limited (PPPL))
	09	Lanco Anpara Power Limited (LANPL)
	10	Lanco Babandh Power Limited (LBPL)
	11	Charon Trading Private Limited (CTPL)
	12	Mimas Trading Private Limited (MTPL)
	13	Phoebe Trading Private Limited (PTPL)
	14	Bay of Bengal Gateway Terminal Private Limited (BBGTPL)
	15	Avior Power Private Limited (Formerly Chobia Hydro Power Private Limited (AvPPL))
	16	Mirach Power Private Limited (Formerly Dharmasala Hydro Power Private Limited (MiPPL))
	17	Pragdisa Power Private Limited (PrPPL)
	18	Vainateya Power Private Limited (VPPL)
	19	Basava Power Private Limited (Formerly Jubilee Hydro Power Private Limited (BPPL))
	20	Siddheswara Power Private Limited (Formerly Diyothal Hydro Power Private Limited (SiPPL))
Enterprises where key Management Personnel have Significant Influence	01	Lanfin Ventures Private Limited (LVPL)
	02	Lanco Horizon Properties Private Limited (LHPPL) (Formerly Uranus Properties Private Limited)
	03	Lanco Group Limited (LGL)
	04	S.V. Contractors (SVC)
	05	Lanco Foundation (LF) (Formerly Lanco Institute of General Humanitarian Trust)
	06	Lanco Bay Technology Park Private Limited (LBTPL)
	07	Lanco Operation & Maintenance Company Private Limited (Formerly Sigma Powertech Services Private Limited (LOMPL))
	08	Lanco Rani Joint Venture (LR)
	09	Nekkar Power Private Limited (NePPL)(Formerly Chamba Hydro Power Private Limited)

(₹ in Lakhs)

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

Nature of Trans action	2011					2010				
	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		
Rent Received	APCL 18.53	-	-	-	APCL 18.00	-	LHPPL 15.60	-		
Contract Services Rendered	LKPL 1,11,387.82 LPL 1,06,754.07 LHPPL 49,642.02 OTHERS 35,543.95	LAnPL 90,283.30 LBPL 45,199.49 UPCL 34,140.10 OTHERS 22,044.50	LR 35.99	-	LKPL 61,423.75 LHPPL 14,024.34 LHPPL 20,664.34 LPL 14,986.76 OTHERS 14,327.60	UPCL 1,62,691.91 LAnPL 1,90,411.19 OTHERS 30,089.89	-	-		
Contract Services/ Shared Services Provided	LVTPL 97.34 LPL 83.60 LHPPL 47.02 OTHERS 66.88	LAnPL 83.60 LBPL 83.60	LOMPL 10.45	-	NETS 21.00 LHPPL 43.80 LPL 78.00 OTHERS 62.44	LAnPL 78.00 LBPL 79.66	-	-		
Interest Paid/(Received)	LKPL 105.00 LHPPL 99.25 LInPL (259.96) LBHPPL (174.04) VIPL (55.66) VHEPL (25.77)	UPCL 3,062.47 LBPL (502.41)	-	-	NETS 140.00 LHPPL 199.11 LInPL (16.20) LBHPPL (2.81)	UPCL 2,437.05 LBPL (1,328.59)	-	-		
Donations Paid	(311.18)	2,560.06	-	-	21.65	1,108.46	-	-		
Managerial Remuneration	-	-	LF 220.00	-	-	LF 150.00	-	-		
Sitting Fee	-	-	-	LMR 379.61 GBR 417.64 GVB 584.43 SCM 211.96	-	-	LMR 359.48 GBR 330.53 GVB 419.35 DVR 62.50	1,171.86		
Purchase/(Sale) of Shares	LInPL 46.17 LHPVPL (20,000.00) LSEPL (600.00)	LBPL 12,100.00	LS - GBR - LS - OTHERS - 7.74	1.60 2.53 2.14 3.07	LHPPL 21,959.33 LAnPL 20,000.00 OTHERS 6,638.32	LHPPL 14,665.00 LAnPL 26,596.00 OTHERS 5,980.04	LS 7,204.42	7,204.42		
	(20,553.83)	12,100.00	-	7.74	48,597.65	47,241.04	7,204.42	-		

Nature of Transaction	2011					2010							
	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	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	
Share Application Money Paid during the year	LVTPL LHPVPL HPPL LSEPL DSPPL OTHERS	57,816.00 42,320.00 32,357.00 28,511.98 22,166.02 23,814.87 - 2,06,985.87	UPCL LBPL LANPL AnPPL PrPPL VPPL OTHERS	72,500.00 56,518.00 50,300.00 32,783.80 31,605.00 30,526.00 3,076.47 2,77,309.27	LHPPL NePPL	31.24 10.00 - - - - - 41.24	- - - - - - - -	LHTPPL MPPL LPL LVTPL LHPVPL HPPL LSEPL OTHERS	20,600.00 16,995.00 8,920.00 6,050.00 5,877.00 7,785.62 - 66,227.62	LAnPL UPCL LBPL OTHERS	25,525.00 11,665.00 10,695.00 15,789.00 - - - 63,674.00	LHPPL LVPL - - - - - 172.42	- - - - - - - -
Share Application Money Refunded during the year	LVTPL MPPL LSEPL OTHERS	20,000.00 16,213.00 3,000.00 3,953.76 49,166.76	LBPL LHHPL PrPPL -	8,400.00 1,000.00 211.00 - 9,611.00	LVPL	20.00 - - - 20.00	- - - - -	LPL OTHERS	4,780.00 863.50 - - 5,643.50	LDHPL LHHPL - - 16,840.10	10,040.00 6,800.10 - - 16,840.10	- - - - -	- - - - -
Management Consultancy Fee Charged	LPL LTHPPL OTHERS	3,777.33 300.00 333.77 - 4,411.10	UPCL LHHPL LDHPL -	280.00 153.41 127.68 - 561.09	- - - - 561.09	- - - - 225.29	- - - - -	LVTPL LPL LTHPPL NETS OTHERS	3,300.00 360.00 300.00 180.00 149.00 4,289.00	LBPL LHHPL LDHPL - - 3,581.09	3,300.00 153.41 127.68 - - 3,581.09	- - - - -	- - - - -
Works Contract Expense	LInPL	42,643.84 42,643.84	UPCL	225.29 225.29	- 225.29	- 225.29	- -	LPL	1,799.91 1,799.91	UPCL	22,758.12 22,758.12	- -	- -
Others Expenses/(Income)	LVTPL VIPL LHTPPL LMHEPL LPL OTHERS	70.38 14.70 (91.64) (66.51) (32.35) 4.69 (100.73)	UPCL LAnPL LBPL OTHERS	141.17 131.14 42.09 10.12 - - 324.52	LBTPL LOMPL	1.36 (17.28) - - - - (15.92)	- - - - - -	LKPL LHTPPL	2.00 (81.06) (79.06)	UPCL	90.87 - 90.87	LR - (2.18)	- -
Sale of Goods	LHTPPL	7.76 7.76	-	-	-	-	-	LHTPPL	141.38 141.38	-	-	LF 0.17	- -
Loan and Advances Given / (Taken) during the year	LBHPPL LPL OTHERS	17,235.00 9,500.00 1,958.50 28,693.50	- - - -	- - - -	- - - -	- - - -	- - - -	LInPL LBHPPL LKPL LHTPPL	4,124.25 490.00 (20,471.91) (7,500.00) (23,357.66)	UPCL	(20,000.00) - - - (20,000.00)	SVC -OTHERS - - 19.37	10.92 8.45 - -
Inter Corporate Deposits Receivable during the year	MPPL OTHERS	28,063.31 281.02 28,344.33	LBPL	15,400.00 - 15,400.00	- - -	- - -	- - -	NETS	6,500.00 6,500.00	LBPL	12,100.00 12,100.00	- -	- -

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

Nature of Transaction	2011										2010				
	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	LSEPL OTHERS	14,579.74 22.65	LBPL UPCL	0.41 18.89	LGL	18.61	- - - -	- - - -	LTHPPL LHTPPL LWPPPL OTHERS	121.23 74.66 62.54 29.26	LBPL	33.21	- - - -	- - - -	-
Sale of Fixed Assets	A/PPL OTHERS	176.00 67.20	LBPL UPCL	10.03 0.37	L/OMPL	23.02	- - -	- - -	NETS LVTPL LSPL	20.84 11.41 11.16	LHHPPL OTHERS	11.51 5.09	- -	DVR	33.17
Corporate Guarantee Given to Bank/FI on Behalf of Related Parties	LRAPL LPL OTHERS	3,01,387.50 1,82,216.00 89,809.36	UPCL OTHERS	3,98,066.00 58,052.00		23.02	- -	- -	LKPL LHTPPL LVTPL	12,734.40 7,628.00 2,500.00	UPCL LBPL LDHPL	3,37,729.90 25,000.00 1,325.00	- -	-	33.17
Balance Receivable at the year end- Share Application Money	LVTPPL LTHPPL HPPL OTHERS	43,689.20 33,350.00 32,357.00 4,023.40	LAnPL PrPPL VPPL LBPL OTHERS	32,825.00 31,395.00 30,529.10 28,545.40 1,040.00	LHPPL SIPPL InPPL CaPTL	16.50 15.00 10.00 3.00	- - - -	- - - -	LTHPPL LHPVPL LVTPL MPPL OTHERS	29,250.00 6,223.02 5,873.20 28,056.77 9,862.98	LBPL TPPL PPPL APPL BePPL BiPPL OTHERS	18,294.96 3,278.38 2,996.49 3,278.38 3,278.38 3,278.38 886.24	3.00	- - - -	-
Balance Receivable at the year end-Inter Corporate Deposits	MPPL OTHERS	28,063.31 281.02	LBPL	15,400.00		44.50	-	-		79,265.97		35,291.21	3.00	-	-
Balance Receivable at the year end-Loans	LBHPPL LPL OTHERS	17,725.00 9,500.00 1,958.50		15,400.00			- -	- -	LInPL LBHPPL OTHERS	4,078.80 492.53 1.18	LBPL	3,105.74	LHPPL	0.40	- - -
		29,183.50		15,400.00			-	-		4,572.51		3,105.74		0.40	-
		1,13,419.60		1,24,334.50			-	-		79,265.97		35,291.21	3.00	-	-
		28,344.33		15,400.00			-	-		4,572.51		3,105.74		0.40	-

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

(₹. in Lakhs)

b) Summary of transactions with related parties are as follows : (Contd.)	2010										Key Management Personnel and their Relatives		
	2011					2010							
	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises v/here Key Management Personnel have Significant Influence	Key Management Personnel and their Relatives	Subsidiary Companies	Enterprises where Significant Influence Exists	Enterprises where Management Personnel have Significant Influence	Key Management Personnel and their Relatives					
Balance Receivable at the year end-Others (Debtors and Other Advances)	LInPL	60,921.61	LR	664.93	GVB	6.39	LPL	14,853.38	LAnPL	21,031.08	LCL	223.32	-
	LPL	33,203.91	LCL	206.12	SCM	2.46	LTHPPL	3,959.80	UPCL	87,879.52	LBTPL	34.61	-
	LKPL	27,060.98	OTHERS	94.52	-	-	-	8,883.55	OTHERS	8,431.65	OTHERS	162.69	-
	OTHERS	2,138.34	-	-	-	-	-	15,366.54	-	-	-	-	-
		123,324.84		965.57		8.85		56,836.48		1,17,342.25		420.62	
Balance Payable at the year end-Inter Corporate Deposits		(20,000.00)	-	-	-	-	LHTPPL	(2,500.00)	UPCL	(20,000.00)	-	-	-
Balance Payable at the year end-Loans		-	-	-	-	-	-	(2,000.00)	-	-	-	-	-
Balance Payable at the year end- Others	LPL	90,835.77	LR	(135.54)	SCM	(6.98)	LTHPPL	(39,362.79)	LAnPL	(29,408.72)	LR	(42.07)	-
	LVTPL	(35,254.50)	OTHERS	(13.73)	-	-	LHTPPL	(24,743.18)	LBPL	(24,517.70)	LCL	(13.74)	-
	OTHERS	(30,167.89)	-	-	-	-	LMHEPL	(5,830.76)	LDHPL	(3,612.65)	-	-	-
		(29,959.75)	-	-	-	-	LKPL	(20,480.71)	LHHPL	(2,463.70)	-	-	-
		(28,375.69)	-	-	-	-	LVTPPL	(5,100.00)	UPCL	(4,744.82)	-	-	-
		(1,078.99)	-	-	-	-	OTHERS	(3,007.23)	-	-	-	-	-
	(3,28,438.86)	(2,15,672.59)		(149.27)		(6.98)		(98,529.63)		(64,747.59)		(55.81)	

16. Employee Stock Option Scheme:

(Note No. 20 of Schedule 20 (III) of Financial Statements)

The Company has thus far allotted 1,11,18,096 (previous year 1,11,18,096) equity shares of ₹ 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 ₹ 10 each into 10 equity shares of ₹ 1 each in the previous year, the number of shares allotted to the trust and the options granted, forfeited, exercised are disclosed at ₹ 1 each.

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

Particulars	2011		2010	
	No. of Shares	Weighted Average Exercise Price(₹)	No. of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	5,33,40,420	0.243	7,58,31,150	0.243
Granted during the year	1,16,96,495	0.243	92,42,090	0.243
Forfeited during the year	51,18,210	-	1,30,08,450	-
Exercised during the year	1,09,35,442	0.243	1,87,24,370	0.243
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,89,83,263	0.243	5,33,40,420	0.243
Exercisable at the end of the year	84,72,738	0.243	51,73,210	0.243

The weighted average share price for the period over which stock options were exercised was ₹ 59.91 (Previous Year ₹ 50.44).

The details of exercise price for stock options outstanding at the end of the year are:

Grant No. (Grant Date)	2011			
	Range of exercise prices	Number of Options Outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Grant 1 (24.06.2006)	0.243	2,11,500	1.23	0.243
Grant 2 (02.07.2007)	0.243	2,08,16,010	2.25	0.243
Grant 3 (26.09.2007)	0.243	11,03,080	2.49	0.243
Grant 4 (24.04.2008)	0.243	31,67,000	3.07	0.243
Grant 5 (04.07.2008)	0.243	57,44,980	3.26	0.243
Grant 6 (01.11.2008)	0.243	6,11,190	3.59	0.243
Grant 7 (19.02.2009)	0.243	4,40,060	3.89	0.243
Grant 8 (29.07.2009)	0.243	52,36,567	4.33	0.243
Grant 9 (27.01.2010)	0.243	14,99,620	4.83	0.243
Grant 10 (30.04.2010)	0.243	11,10,435	5.08	0.243
Grant 11 (13.08.2010)	0.243	82,28,240	5.37	0.243
Grant 12 (12.11.2010)	0.243	8,14,580	5.62	0.243

Grant No. (Grant Date)	Range of exercise prices	Number of Options Outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price
Grant 1 (24.06.2006)	0.243	4,02,120	2.23	0.243
Grant 2 (02.07.2007)	0.243	2,64,15,800	3.25	0.243
Grant 3 (26.09.2007)	0.243	19,63,050	3.49	0.243
Grant 4 (24.04.2008)	0.243	44,48,470	4.07	0.243
Grant 5 (04.07.2008)	0.243	91,93,130	4.26	0.243
Grant 6 (01.11.2008)	0.243	10,44,390	4.59	0.243
Grant 7 (19.02.2009)	0.243	7,34,900	4.89	0.243
Grant 8 (29.07.2009)	0.243	74,97,350	5.33	0.243
Grant 9 (27.01.2010)	0.243	16,41,210	5.83	0.243

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 and is recognised as deferred stock compensation cost and is amortised on a straight line basis over the vesting period of the options. Company is using Black Scholes Model for calculating fair values of ESOP granted for determining impact of the fair value method of accounting of employee compensation in financial statement, the impact on net income and earnings per share is provided below:

Particulars	2011	2010
Net Income - As reported	27,831.59	48,638.12
Add: ESOP Cost under Intrinsic Value Method	3,971.43	3,782.20
	31,803.02	52,420.32
Less : ESOP Cost under Fair Value Method (Block Scholes)	3,993.89	3,805.00
Net Income – Proforma	27,809.13	48,615.32
Earnings per Share:		
Basic - As reported	1.20	2.17
- Proforma	1.20	2.17
Diluted - As reported	1.19	2.14
- Proforma	1.19	2.14

The weighted average fair value of stock options granted during the year was ₹ 66.08 (Previous Year ₹ 41.66) of share of ₹ 1 each.

Assumptions:

	2011	2010
Weighted average share price (in ₹)	59.91	50.44
Exercise Price (in ₹)	0.243	0.243
Expected Volatility	30 %	30 %
Historical Volatility	30 %	30 %
Life of the options granted (Vesting and exercise period) in years	6	6
Expected dividends (in ₹)	Nil	Nil
Average risk-free interest rate	8 %	8 %
Expected dividend rate	Nil	Nil

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

17. Key Ratios:

S.No	Particulars	2010-11	2009-10
a)	Total Income/Total Assets	0.37	0.64
b)	Net Profit before interest and tax/Capital Employed	0.22	0.29
c)	Return on Net worth %	8.09	15.39
d)	Net Profit/Total Income %	4.71	8.11

18. Licensed and Installed Capacity, Actual Production and Sales-Electric Energy:

(Note No. 22 of Schedule 20 (III) of Financial Statements)

Particulars	2011	2010
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (MW)#	18	13
Actual Generation (Lakhs Kwh)	268.98	280.00
Auxiliary Consumption (Lakhs Kwh)	1.89	2.60
Units Sold (Lakhs Kwh)	266.31	277.40

#During the year the company has commissioned 5 MW solar plant on 25/Jan/2011

19. Particulars of traded goods

(Note No. 25 of Schedule 20 (III) of Financial Statements)

(₹ in Lakhs)

	Opening Stock		Purchases		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Steel (MT)	-	-	328.62	107.23	328.62	110.97	-	-
Aggregate (MT)	-	-	3,946.23	22.15	3,946.23	23.26	-	-
Cement (Bags)	-	-	250	0.04	250	0.04	-	-
Consumable Items	-	-	-	45.73	-	54.62	-	-

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

20. (Note No. 26 of Schedule 20 (III) of Financial Statements)

Amounts due from private companies/partnership firms in which directors of the company are directors/partners included under Sundry Debtors in Schedule 10:

(₹ in Lakhs)

S.No	NAME OF THE COMPANY(S)/FIRM(S)	2011	2010
1	Lanco Hoskote Highway Private Limited	524.67	1,883.54
2	Lanco Devihalli Highways Private Limited	1,162.82	2,657.84
3	Lanco Teesta Hydro Power Private Limited	15,992.64	3,956.57
4	Lanco Wind Power Private Limited	1.74	10.48
5	Lanco Solar Private Limited	554.56	11.97
6	Lanco Hills Technology Park Private Limited	1,807.31	2,112.89
	Total	20,043.74	10,633.29

21. (Note No. 27 of Schedule 20 (III) 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 10:

(₹ in Lakhs)

S.No.	Sundry Debtors	Amount Outstanding as at	
	Name	2011	2010
1	Lanco Babandh Power Limited	26,977.02	3,280.60
	Total	26,977.02	3,280.60

22. (Note No. 28 of Schedule 20 (III) of Financial Statements)

Amounts due from private companies/partnership firms in which directors of the company are directors/partners included under Loans and Advances in Schedule 13

(₹ in Lakhs)

S.No	NAME OF THE COMPANY(S)/FIRM(S)	2011	2010
1	Lanco Property Management Company Private Limited	58.00	0.78
2	Himachal Hydro Power Private Limited	12.00	12.00
3	Ravi Hydro Electric Private Limited	34.00	34.00
4	Vainateya Power Private Limited	30,654.32	3.10
5	Lanco Hoskote Highway Private Limited	14.30	8.82
6	Lanco Devihalli Highways Private Limited	5.02	0.05
7	Belinda Properties Private Limited	-	3,278.38
8	Ananke Properties Private Limited	-	3,278.38
9	Tethys Properties Private Limited	-	3,278.38
10	Lanco Bay Technology Park Private Limited	33.25	34.61
11	Pragdisa Power Private Limited	31,535.37	1.00

S.No	NAME OF THE COMPANY(S)/FIRM(S)	2011	2010
12	Phoebe Trading Private Limited	0.13	0.13
13	Mimas Trading Private Limited	0.13	132.63
14	Charon Trading Private Limited	0.13	708.87
15	Caliban Trading Private Limited	0.13	0.13
16	Lanco Kerala Seaports Private Limited	0.03	0.03
17	Portia Properties Private Limited (Formerly Garnet Groves Private Limited)	-	2,996.48
18	Lanco Transport Network Company Private Limited	0.12	0.12
19	Chatari Hydro Power Private Limited	3.00	3.00
20	Lanco Horizon Properties Private Limited (Formerly Uranus Properties Private Limited)	18.22	2.14
21	Avior Power Private Limited	94.04	-
22	Mirach Power Private Limited	59.35	-
23	Basava Power Private Limited (Formerly Jubilee Hydro Power Private Limited)	37.27	-
24	Siddheswara Power Private Limited	29.89	-
25	Lanco Operation and Maintenance Company Private Limited	10.38	-
26	Lanco Teesta Hydro Power Private Limited	33,350.00	29,253.23
27	Lanco Wind Power Private Limited (LWPPL)	125.49	3,312.61
28	Lanco Solar Private Limited	235.04	3,087.24
29	Lanco Hills Technology Park Private Limited	2,358.11	661.91
30	Neptune Projects Private Limited	-	98.60
31	Uranus Projects Private Limited	-	0.03
32	Deimos Properties Private Limited (Formerly Ruby Agro Farms Private Limited)	-	126.50
33	Telesto Properties Private Limited	-	4.50
34	Cordelia Properties Private Limited	-	4.50
35	Diwakar Solar Projects Private Limited	49.19	-
36	Dione Properties Private Limited	-	327.00
37	Pearl Farms Private Limited	-	1.00
38	Mercury Projects Private Limited	290.00	28,056.77
39	Lanco Solar Energy Private Limited (Formerly Lanco Solar Projects (India) Private Limited)	1,987.74	-
40	Himavat Power Private Limited	32,357.00	-
41	Regulus Power Private Limited	2.38	-
42	Arneb Power Private Limited	1.00	-
43	Nekkar Power Private Limited (Formerly Chamba Hydro Power Private Limited)	10.00	-
Total		1,33,365.03	78,706.92

23. (Note No. 29 of Schedule 20 (III) 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 13:

(₹ in Lakhs)

S. No.	Loans & Advances	Amount Outstanding as at	
	Name	2011	2010
1	Lanco Babandh Power Limited	28,620.25	33,513.70
	Total	28,620.25	33,513.70

24. (Note No. 31 of Schedule 20 (III) of Financial Statements)

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

As per our report on even date

For S. R. Batiboi & Associates
Firm Reg. No. 101049W
Chartered Accountants

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

For and on behalf of the Board of Directors of
Lanco Infratech Limited

per Sanjay Vij
Partner
M. No. 95169

per N. Sri Krishna
Partner
M. No. 26575

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

G. Venkatesh Babu
Managing Director
DIN - 00075079

J. Suresh Kumar
Chief Financial Officer

C. Krishna kumar
Executive Director & Company Secretary

Place: Gurgaon
Date: May 29, 2011

Place: Gurgaon
Date: May 29, 2011

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.	<input type="text"/> <input type="text"/> 0 1 - 1 5 5 4 5	State Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 0 1
Balance Sheet Date	<input type="text"/> 3 1 - 0 3 - 2 0 1 1		

II. Capital raised during Year (₹ In Thousand)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement*	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

(*Qualified Institutions Placement)

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

Total Liabilities	<input type="text"/> <input type="text"/> 7 2 3 6 5 2 6 2	Total Assets	<input type="text"/> <input type="text"/> 7 2 3 6 5 2 6 2
-------------------	---	--------------	---

SOURCES OF FUNDS

Paid up Capital	<input type="text"/> <input type="text"/> 2 3 8 7 1 9 3	Reserves & Surplus	<input type="text"/> <input type="text"/> 3 2 0 0 7 2 8 2
Secured Loans	<input type="text"/> <input type="text"/> 3 1 4 7 6 1 0 2	Unsecured Loans	<input type="text"/> <input type="text"/> 6 4 9 4 6 8 5

APPLICATION OF FUNDS

Net Fixed Assets	<input type="text"/> <input type="text"/> 5 6 6 1 7 8 5	Capital Work In Progress	<input type="text"/> <input type="text"/> 1 0 2 0 7 6 3
Investments	<input type="text"/> <input type="text"/> 5 4 0 0 6 2 6 7	Net Current Assets	<input type="text"/> <input type="text"/> 1 1 6 2 4 1 1 6
Deferred Tax Assets	<input type="text"/> <input type="text"/> 5 2 3 3 1	Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> -

IV. Performance of the Company (₹ In Thousand)

Turnover (Gross Revenue)	<input type="text"/> <input type="text"/> 5 9 1 5 1 8 4 2	Total Expenditure	<input type="text"/> <input type="text"/> 5 4 9 4 8 6 8 3
Profit before Tax	<input type="text"/> <input type="text"/> 4 2 0 3 1 5 9	Profit after Tax	<input type="text"/> <input type="text"/> 2 7 8 3 1 5 9
Earnings per Share (₹)*	<input type="text"/> <input type="text"/> 1 . 2 0	Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> -

(* Face Value of Equity Share of ₹ 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 & Infrastructure Activity

2) Investment Activity

For and on behalf of the Board of Directors

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

G. Venkatesh Babu
Managing Director
DIN - 00075079

C. Krishnakumar
Executive Director &
Company Secretary

Place: Gurgaon
Date: May 29, 2011

CONSOLIDATED FINANCIAL STATEMENTS

Auditors' 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 associates (collectively referred as Group) , as at 31st March 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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. To the extent stated in paragraphs 3a to 3d below, S.R. Batliboi & Associates and Brahmayya & Co. did not jointly audit the financial statements of certain component entities that comprise the Group and are included the accompanying consolidated financial statements.
 - a. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 363,406.27 lakhs as at 31st March 2011, the total revenue of ₹ 51,420.03 lakhs and cash flows amounting to ₹ 5,874.27 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
 - b. We did not audit the financial statements of certain associates, whose financial statements reflect the Group's share of profits of ₹ 313.32 lakhs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
 - c. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 628,508.42 lakhs as at 31st March 2011, the total revenue of ₹ 455,165.33 lakhs and cash flows amounting to ₹ (4,062.43) lakhs for the year then ended. These financial statements and other financial information have been audited by S.R. Batliboi & Associates and our joint opinion is based solely on the reports of S.R. Batliboi & Associates.
 - d. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 450,968.34 lakhs as at 31st March 2011, the total revenue of ₹ 15,689.99 lakhs and cash flows amounting to ₹ 10,566.19 lakhs for the year then ended and financial statements of certain associates, whose financial statements reflect the Group's share of profits of Rs. nil. These financial statements and other financial information have been audited by Brahmayya & Co. and our joint opinion is based solely on the reports of Brahmayya & Co.
4. *As stated in note 4 (xxvii) of Schedule 21 of the consolidated financial statements, for the purpose of these consolidated financial statements the results of The Griffin Coal Mining Pty Limited (GCMPL), Carpenter Mine Management Pty Limited in Australia (CMMPL), Lanco Resources Australia Pty Limited (LRAPL) and Lanco Resources International Pte Limited (LRIPL), whose consolidated accounts reflect total assets of ₹ 550,443.34 lakhs as at 31st March 2011, the total revenue of ₹ 13,370.24 lakhs, net profit of ₹ 2,830.83 lakhs and cash flows amounting to ₹ 21,800.66 lakhs for the year then ended, have been based upon management accounts. We are unable to comment on the consequential impact, if any, on the accompanying consolidated financial statements, had the financial statements of the aforementioned subsidiaries been audited.*
5. *As stated in note 4 (xxiii) of Schedule 21 of the consolidated financial statements, managerial remuneration of ₹ 227.36 lakhs in the aggregate had been paid in excess of the permissible remuneration under Schedule XIII of the Companies Act, 1956. The subsidiary companies have applied to the Central Government for the approval of such excess remuneration. Pending the final outcome of this matter, we are unable to comment on consequential adjustments, if any, required in the consolidated financial statements in this regard.*
6. *Subject to the matters referred to in paragraphs 4 and 5, the consequential effects of which are currently not ascertainable, we report that the consolidated financial statements have been prepared by the Lanco Infratech Limited's management in accordance with the requirements of Accounting Standards (AS) 21 Consolidated financial statements and Accounting Standards (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).*
7. *Subject to the matters referred to in paragraph 4 and 5, the consequential effects of which are currently not ascertainable, 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, and to the best of our information and according to the explanations given to us, we are of the opinion that 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 31st March 2011;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates

Firm registration number: 101049W
Chartered Accountants

per Sanjay Vij

Partner
Membership No.: 95169
Place: Gurgaon
Date: May 29, 2011

For Brahmayya & Co.

Firm registration number: 000511S
Chartered Accountants

per N. Sri Krishna

Partner
Membership No.: 26575
Place: Gurgaon
Date: May 29, 2011

Consolidated Balance Sheet as at March 31, 2011

(₹ in Lakhs)

	Schedules	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	23,871.93	23,854.72
(b) Stock Options Outstanding	2	4,662.71	7,460.06
(c) Reserves and Surplus	3	433,777.95	303,162.88
		462,312.59	334,477.66
2. Minority Interest		84,532.47	71,081.86
3. Loan Funds			
(a) Secured Loans	4	1,432,656.90	756,190.74
(b) Unsecured Loans	5	117,417.43	79,946.86
4. Deferred Payment Liabilities			
		115,096.30	-
5. Deferred Tax Liability (Net)			
	6	53,681.68	10,030.26
		2,265,697.37	1,251,727.38
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	7	1,230,279.98	616,438.68
(b) Less: Accumulated Depreciation / Amortisation		196,675.04	108,665.57
(c) Net Block		1,033,604.94	507,773.11
(d) Capital Work in Progress (including Capital Advances)	8	530,468.29	192,372.93
		1,564,073.23	700,146.04
2. Investments			
	9	319,494.27	201,413.65
3. Current Assets, Loans and Advances			
(a) Inventories	10	214,234.70	162,670.81
(b) Sundry Debtors	11	213,043.66	222,699.74
(c) Cash and Bank Balances	12	129,045.96	96,277.08
(d) Other Current Assets	13	1,311.38	742.85
(e) Loans and Advances	14	472,258.26	218,556.95
		1,029,893.96	700,947.43
Less: Current Liabilities and Provisions			
(a) Liabilities	15	629,995.07	340,829.40
(b) Provisions		17,769.02	9,950.34
		647,764.09	350,779.74
Net Current Assets			
		382,129.87	350,167.69
		2,265,697.37	1,251,727.38
Notes to Accounts	21		

The Schedules referred to above and Notes to Accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For S.R. Batliboi & Associates

 Firm Reg. No. 101049W
Chartered Accountants

Per Sanjay Vij

 Partner
M. No. 95169
Place: Gurgaon
Date: May 29, 2011

For Brahmayya & Co.

 Firm Reg. No. 000511S
Chartered Accountants

per N. Sri Krishna

 Partner
M. No. 26575

 For and on behalf of the Board of Directors of
Lanco Infratech Limited
L. Madhusudhan Rao

 Executive Chairman
DIN - 00074790

J. Suresh Kumar

Chief Financial Officer

 Place: Gurgaon
Date: May 29, 2011

G. Venkatesh Babu

 Managing Director
DIN - 00075079

C. Krishna Kumar

 Executive Director &
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

	Schedules	For the Year ended March 31, 2011	For the Year ended March 31, 2010
I. INCOME			
Sales and Operating Income	16	778,373.35	818,404.50
Other Income	17	25,820.41	10,745.51
TOTAL		804,193.76	829,150.01
II. EXPENDITURE			
Construction, Generation and Operating expenses	18	517,574.48	615,120.74
Administrative and Other Expenses	19	71,753.23	42,931.77
Interest and Finance Charges	20	75,544.86	35,541.08
Depreciation / Amortisation		35,373.41	34,787.93
TOTAL		700,245.98	728,381.52
III. Profit before Taxation, Minority Interest and Share of Profits of Associates		103,947.78	100,768.49
Provision for Taxation			
- Current Tax		37,896.69	32,622.43
- Relating to Previous Years		263.66	1,560.92
- Minimum Alternate Tax Credit Entitlement		(6,284.44)	(6,037.16)
- Deferred Tax		6,619.99	8,282.21
IV. Net Profit after Taxation, before Minority Interest and Share of Profits of Associates		65,451.88	64,340.09
Add: Share of Profit / (Loss) of Associates		261.13	(1,779.66)
Less: Elimination of Unrealised Profit on Transactions with Associate Companies		4,073.48	7,553.14
V. Net Profit after Taxation and Share of Profits of Associates before Minority Interest		61,639.53	55,007.29
Less: Share of Minority Interest		17,032.65	9,152.40
VI. Net Profit after Taxation, Minority Interest and Share of Profits of Associates		44,606.88	45,854.89
Balance of Profit brought forward		119,810.35	77,955.34
VII. Profit Available for Appropriation		164,417.23	123,810.23
Transfer (from) / to Debenture Redemption Reserve		-	(242.27)
Transferred to General Reserve		3,000.00	1,900.00
VIII. Balance Carried to Consolidated Balance Sheet		161,417.23	122,152.50
Earnings Per Share - Equity Share of ₹ 1 (Previous year ₹ 1) each fully paid (Refer Note No. 4(xxxv) to Schedule 21)			
Basic (₹)		1.92	2.05
Diluted (₹)		1.90	2.02
Notes to Accounts	21		

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

As per our report of even date

For S.R. Batliboi & Associates
Firm Reg. No. 101049W
Chartered Accountants

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

Per Sanjay Vij
Partner
M. No. 95169

per N. Sri Krishna
Partner
M. No. 26575

Place: Gurgaon
Date: May 29, 2011

For and on behalf of the Board of Directors of
Lanco Infratech Limited

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

G. Venkatesh Babu
Managing Director
DIN - 00075079

J. Suresh Kumar
Chief Financial Officer

C. Krishna Kumar
Executive Director &
Company Secretary

Place: Gurgaon
Date: May 29, 2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

	(₹ In Lakhs)	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation, Minority Interest and Share of Profits of Associates	103,947.78	100,768.49
Adjustments for:		
Depreciation	35,373.41	34,787.93
Impact of Change in Method of Depreciation	(14,148.87)	-
Loss on Sale of Fixed Assets (Net)	1,393.59	83.32
Interest Income	(5,598.93)	(6,216.72)
Interest Expenses	75,544.86	35,541.10
Dividend Income	(257.74)	(337.03)
Liabilities and Provisions no longer required written back	(2,056.27)	(188.54)
Provision for Advances / Claims / Debts	764.71	211.40
Employee Stock Option charge during the year	3,842.97	5,708.45
Gain on Foreign Exchange Fluctuations (Net)	(8,210.65)	(7,240.06)
Profit on Sale of Investment (Net)	(893.77)	(1,834.44)
Cash generated before Working Capital Changes	189,701.09	161,283.90
Movements in Working Capital:		
(Increase) in Inventories	(42,824.89)	(30,441.42)
(Increase) in Trade and Other Receivables / Other Assets	(135,974.91)	(123,049.01)
Increase in Current Liabilities and Provisions	306,521.96	34,198.51
Cash Generated from Operations	317,423.25	41,991.98
Direct Taxes Paid	(37,199.50)	(31,451.88)
Net Cash Flow from Operating Activities (Refer Note 4 (i) of Schedule 21)	280,223.75	10,540.10
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of Fixed Assets	(830,848.67)	(153,831.77)
Proceeds from Sale of Fixed Assets	145.72	304.10
Purchase of Long Term Investments	(95,916.89)	(60,550.26)
Sale / (Purchase) of Current Investments (Net)	67,620.55	(62,858.17)
Proceeds from Sale of Subsidiaries	-	3,784.30
Inter Corporate Deposits Given	(3,300.00)	(12,100.00)
(Investment in) / Proceeds from Long Term Fixed Deposits (Net)	(9,610.77)	3,829.95
Advance for Investment (Given)	(109,345.64)	(10,283.87)
Dividend Received	257.74	709.68
Interest Received	5,030.40	6,896.66
Net Cash Flow from / (Used in) Investing Activities	(975,967.56)	(284,099.38)
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	-	72,734.99
Share Issue Expenses	-	(1,424.55)
Proceeds on Account of Exercise of ESOP Shares	17.20	29.50
Proceeds from / (to) Minority Interest	(3,582.04)	(8,398.81)
Proceeds / (Repayments) from / of Short Term Borrowings (Net)	163,101.17	59,192.29
Proceeds from Long Term Borrowings	773,972.89	286,485.57
Repayment of Long Term Borrowings	(104,414.39)	(60,337.37)
Interest Paid	(110,192.91)	(73,660.60)
Net Cash Flow from / (Used in) Financing Activities	718,901.92	274,621.02
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	23,158.11	1,061.74
Cash and Cash Equivalents at the beginning of the period	76,600.54	75,538.80
Cash and Cash Equivalents at the end of the period	99,758.65	76,600.54
Components of Cash and Cash Equivalents		
Cash on Hand	2,455.78	39.08
Balances with Scheduled Banks		
- On Current Accounts	44,649.90	33,118.24
- On Deposit Accounts	53,012.21	58,197.57
- On Margin Money Accounts	4,819.66	4,403.10
Balances with Other Banks		
- On Current Accounts	24,108.41	519.09
Cash and Bank Balances as per Schedule 12	129,045.96	96,277.08
Less: Long Term Deposits and Margin Money Deposits with Scheduled Banks not considered as Cash Equivalents	29,287.31	19,676.54
Balance considered for Cash Flow Statement	99,758.65	76,600.54

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.
- Previous year's figures have been regrouped and reclassified to conform to those of the current year.

As per our report of even date

For S.R. Batliboi & Associates

 Firm Reg.No.101049W
 Chartered Accountants

Per Sanjay Vij

 Partner
 M.No.95169
 Place: Gurgaon
 Date: May 29, 2011

For Brahmayya & Co.

 Firm Reg.No.000511S
 Chartered Accountants

per N. Sri Krishna

 Partner
 M.No.26575

 For and on behalf of the Board of Directors of
Lanco Infratech Limited
L. Madhusudhan Rao

 Executive Chairman
 DIN - 00074790

J. Suresh Kumar

Chief Financial Officer

 Place: Gurgaon
 Date: May 29, 2011

G. Venkatesh Babu

 Managing Director
 DIN - 00075079

C. Krishna Kumar

 Executive Director &
 Company Secretary

Schedules to the Accounts

	(₹ in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 1		
SHARE CAPITAL		
Authorised		
5,000,000,000 (Previous Year - 5,000,000,000) Equity Shares of ₹ 1 each	50,000.00	50,000.00
Issued, Subscribed and Paid Up		
2,407,804,920 Equity Shares (Previous Year - 2,407,804,920) ₹ 1 each fully paid up out of which	24,078.05	24,078.05
(a) 1,581,244,430 (Previous Year - 1,581,244,430) Equity shares of ₹ 1 each were allotted as fully paid up Bonus Shares by way of capitalisation of Securities Premium		
(b) 111,180,960 (Previous Year - 111,180,960) Equity Shares of ₹ 1 each were allotted to ESOP Trust.		
Less: Amount Recoverable from LCL - Foundation (ESOP Trust)	206.12	223.33
	23,871.93	23,854.72
Schedule 2		
STOCK OPTIONS OUTSTANDING		
Employee Stock Options (ESOP) Outstanding	17,342.97	14,765.75
Less : Deferred Employee Compensation Outstanding	12,680.26	7,305.69
	4,662.71	7,460.06
Schedule 3		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	429.04	429.04
Add: Additions during the year *	82,318.63	-
	82,747.67	429.04
Securities Premium Account		
As per last Balance Sheet	176,997.59	103,067.48
Add : Received during the year	-	70,893.20
Add : Premium on account of ESOPs exercised	2,829.69	4,548.80
Less: Adjustment on Reclassification relating to previous year	-	87.34
Less: Share Issue Expenses	-	1,424.55
Balance as at the end of the year	179,827.28	176,997.59
General Reserve		
As per last Balance Sheet	5,909.96	4,009.96
Add: Transferred from Profit and Loss Account	3,000.00	1,900.00
	8,909.96	5,909.96
Debenture Redemption Reserve		
As per last Balance Sheet	-	242.25
Less: Transferred to Profit and Loss Account	-	242.25
	-	-
Foreign Currency Translation Reserve		
As per last Balance Sheet	15.94	-
Add: Additions during the year	859.87	15.94
	875.81	15.94
Profit and Loss Account		
Balance in Consolidated Profit and Loss Account	161,417.23	122,152.50
Less: Reserves Adjustment on Sale of Subsidiaries	-	1,974.68
Less: Transfer to Capital Profits on Step Acquisition	-	367.47
Closing Balance of Consolidated Profit and Loss Account	161,417.23	119,810.35
* On Consolidation (after netting off Goodwill on Consolidation of ₹ 13,206.72 lakhs).		
	433,777.95	303,162.88

Schedules to the Accounts

	(₹ in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 4		
SECURED LOANS		
Term Loans		
Rupee Loans		
From Financial Institutions	232,051.63	213,555.10
From Banks	628,948.40	385,601.20
(Refer note no. 4 (ii) (a) in Schedule 21)		
Foreign Currency Loans		
From Financial Institutions	3,877.85	5,123.51
From Banks	358,363.72	75,249.72
(Refer note no. 4 (ii) (b) in Schedule 21)		
Finance Lease Liabilities		
	32,736.34	-
(Refer note no. 4 (ii) (c) in Schedule 21)		
Hypothecation Loans		
	6,495.03	7,116.41
(Refer note no. 4 (ii) (d) in Schedule 21)		
Cash Credits and Working Capital Demand Loan from Banks		
	170,183.93	69,544.80
(Refer note no. 4 (ii) (e) in Schedule 21 for security details)		
	1,432,656.90	756,190.74
Schedule 5		
UNSECURED LOANS		
Short Term Rupee Loans		
From Banks	97,414.73	34,949.74
From Others	20,002.70	20,005.60
Other Loans and Advances		
From Banks	-	24,991.52
	117,417.43	79,946.86
Schedule 6		
DEFERRED TAX ASSET/LIABILITY (NET)		
Deferred Tax Liabilities		
Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books	56,687.81	11,146.26
Gross Deferred Tax Liabilities	56,687.81	11,146.26
Deferred Tax Assets		
Provision for Gratuity and Compensated Absences	1,576.77	1,035.10
Provision for Doubtful Debts	300.55	69.90
Provision for Lease Equalisation Reserve	209.50	-
Provision for Incentives and Exgratia	350.64	-
Provision for Other Disallowances	568.67	11.00
Gross Deferred Tax Assets	3,006.13	1,116.00
Deferred Tax Liability (Net)	53,681.68	10,030.26

Schedules to the Accounts

Schedule 7
FIXED ASSETS

(₹ in Lakhs)

Description	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
	As at April 01, 2010	Additions	Additions on Acquisition of Subsidiaries	Deletions on Sale of Subsidiaries	Deletion / Adjustments	As At March 31, 2011	As at April 01, 2010	For the year	On Account of Acquisition of Subsidiaries	On Account of Deletions on Sale of Subsidiaries	On Adjustments [^] Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets:														
Owned Assets														
Freehold Land	22,734.52	9,688.81	4,665.48	-	174.77	36,914.04	-	-	-	-	-	36,914.04	22,734.52	
Leasehold Land	6,063.68	752.16	-	-	0.24	6,815.60	112.09	33.67	-	16.08	129.68	6,685.92	5,951.59	
Buildings	63,432.54	2,723.73	8,392.65	-	1,412.26	73,136.66	7,053.24	3,067.39	6,723.59	873.77	15,424.99	57,711.67	56,379.30	
Plant and Machinery	502,725.92	60,774.77	55,970.74	-	1,567.51	617,903.92	99,016.01	29,577.77	32,321.89	559.50	147,153.50	470,750.42	403,709.91	
Office Equipment	3,486.21	1,913.00	58.64	-	206.45	5,251.40	804.92	521.39	-	58.77	1,251.29	4,000.11	2,681.29	
Furniture and Fittings*	4,950.36	1,455.81	64.15	-	455.26	6,015.06	806.88	555.60	-	65.83	1,291.69	4,723.37	4,143.48	
Vehicles	3,321.06	1,823.84	110.88	-	284.76	4,971.02	769.29	391.01	39.41	64.78	1,099.79	3,871.23	2,551.77	
Mining Assets ##	-	-	420,547.05	-	-	420,547.05	-	410.79	7,858.85	-	8,269.64	412,277.41	-	
Assets Taken on Finance Lease														
Plant and Machinery	-	-	53,625.55	-	-	53,625.55	-	662.05	20,806.50	-	21,468.55	32,157.00	-	
TOTAL (a)	606,714.29	79,132.12	543,435.14	-	4,101.25	1,225,180.30	108,562.43	35,219.67	67,750.24	1,294.34	196,089.13	1,029,091.17	498,151.86	
Previous Year (c)	238,172.47	385,555.13	3,054.43	7,903.19	3,586.82	615,292.02	76,143.72	35,135.00	4.78	2,556.01	108,564.45	506,727.57	162,028.75	
Intangible Assets														
Goodwill #	9,524.70	-	(9,524.70)	-	-	-	-	-	-	-	-	-	9,524.70	
Computer Software	199.68	1,658.80	-	-	-	1,858.48	103.13	464.49	-	-	567.62	1,290.86	96.55	
Other Intangible Assets**	-	149.89	3,091.31	-	-	3,241.20	-	18.29	-	-	18.29	3,222.91	-	
TOTAL (b)	9,724.38	1,808.69	(6,433.39)	-	-	5,099.68	103.13	482.78	-	-	585.91	4,513.77	9,621.25	
Previous Year (d)	498.04	652.55	0.70	4.63	-	1,146.66	9.20	91.92	-	-	101.12	1,045.54	488.84	
TOTAL (a+b)	616,438.67	80,940.81	537,001.75	-	4,101.25	1,230,279.98	108,665.56	35,702.45	67,750.24	1,294.34	196,675.04	1,033,604.94	507,773.11	
Previous Year (c+d)	238,670.51	386,207.68	3,055.13	7,907.82	3,586.82	616,438.68	76,152.92	35,226.92	4.78	2,556.01	108,665.57	507,773.11		

Notes:

Fixed Assets Includes Exchange Fluctuations of ₹ 2,869.67 (including ₹ 292.17 addition in Current Year) lakhs upto March 31, 2011.

Goodwill netted off with Capital Reserve on Consolidation during the year

Includes Mine Lease, Noise Bund, Exploration & Development, Overburden Removal & Rehabilitation asset

* Includes Leasehold Improvements of Gross Block ₹ 1,317.55 (Previous Year: ₹ 1,015.00) lakhs, Accumulated Depreciation of ₹ 201.87 (Previous Year: ₹ 66.97) lakhs and Net Block ₹ 1,115.68 (Previous Year: ₹ 948.03) lakhs

** Includes Briquetting Technology Asset of ₹ 3,037.13 (Previous Year - Nil) lakhs.

^ Represents impact of retrospective recomputation due to change in method of depreciation.

Schedules to the Accounts

(₹ in Lakhs)

	As at and up to March, 2011	As at and up to March, 2010
Schedule 8		
CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)		
Asset Under Construction	405,652.74	132,440.64
Capital Advances	14,197.20	368.14
Total (A)	419,849.94	132,808.78
Other Direct Cost *		
Salaries, Allowances and Benefits to Employees	9,959.25	12,064.40
Contribution to Provident Fund and Other Funds	469.08	350.75
Managerial Remuneration	606.23	27.98
Recruitment and Training	159.49	39.73
Staff Welfare Expenses	189.83	301.18
Rent	855.22	809.62
Rates and Taxes	1,612.42	851.68
Donations and Socio Economic Development Expenses	2,926.31	1,152.55
Repairs and Maintenance - Others	300.46	369.04
Office Maintenance	224.13	174.93
Insurance	2,496.48	2,955.81
Printing and Stationery	133.34	108.36
Consultancy and Other Professional Charges	13,750.75	12,353.14
Director's Sitting Fees	-	2.85
Electricity, Water and Fuel Charges	84.97	118.13
Remuneration to Auditors	8.94	45.90
Travelling and Conveyance	2,006.10	2,610.70
Communication Expenses	227.47	319.25
Loss on sale of Fixed Assets	42.56	48.05
Project Allotment Expenses	2,946.89	2,967.38
Income Tax and Fringe Benefit Tax	86.97	401.56
Interest on Fixed Loans	71,622.37	90,001.20
Loss / (Gain) on Foreign Exchange Fluctuation (net)	583.01	3,240.83
Bank and Other Finance Charges	4,682.52	3,629.74
Depreciation	754.00	835.43
Trial Run Cost :		
Fuel Consumed	-	15,932.12
Consumables, Stores and Spares	-	51.44
Operations and Maintenance Staff Salaries	-	823.11
Operators Training	-	238.26
Start up Power	-	1,516.53
Water Charges	-	236.83
Transmission Charges	-	1,715.02
Operations and Maintenance Expenses	-	277.04
Operations Repairs and Maintenance	-	166.18
Insurance	-	110.14
Interest on Working Capital Loans	-	128.14
Finance Charges	-	65.19
Miscellaneous Expenses	3,407.82	2,130.61
	120,136.61	159,170.80
Less: Other Income		
Sale of Infirm Power	148.39	41,215.24
Dividend from Mutual Funds	3,612.12	3,221.35
Miscellaneous Income	336.39	182.41
Interest Received (Gross) on Deposits and Others [Tax deducted at source - ₹ 6.94 (Previous Year - ₹ 130.00) lakhs]	1,397.56	1,614.90
	114,642.15	112,936.90
Less: Expenditure Apportioned over Cost of Fixed Assets	3,919.05	70,709.59
Less: (Credited)/Charged to Profit and Loss Account	104.75	(17,336.84)
Total (B) (A + B)	110,618.35	59,564.15
Balance Carried to Balance Sheet	530,468.29	192,372.93

*In respect of group companies in construction stage, during the year the group has conducted a detailed review of all expenditure incurred and charged off the expenditure which are not directly related to construction activity amounting to ₹ 248.86 (Previous Year: ₹ 61.30) lakhs in the Consolidated Profit and Loss Account.

Schedules to the Accounts

(₹ in Lakhs)

	As at March 31, 2011	As at March 31, 2010
Schedule 9		
INVESTMENTS		
Long Term Trade (Unquoted)		
In Equity Shares of Associate Companies		
(At Cost plus Share of Profits/Losses based on Equity Accounting)		
Genting Lanco Power India Private Limited [486,702 (Previous year - 486,702) of ₹10 each fully paid]	582.43	467.22
Lanco Hoskote Highways Private Limited [50,282,600 (Previous year - 50,282,600) of ₹10 each fully paid]	4,504.88	4,426.96
Udupi Power Corporation Limited [22,500,000 (Previous year - 22,500,000) of ₹ 10 each fully paid]	-	-
Lanco Anpara Power Private Limited [340,000 (Previous year - 340,000) of ₹10 each fully paid]	-	-
Lanco Devihalli Highways Private Limited [45,912,600 (Previous year - 45,912,600) of ₹10 each fully paid]	3,976.71	4,196.34
Lanco Babandh Power Limited [260,000 (Previous year - 13,000) of ₹10 each fully paid]	-	-
Portia Properties Private Limited [340,000 (Previous year - 340,000) of ₹10 each fully paid]	33.89	33.93
Charon Trading Private Limited [340,000 (Previous year - 340,000) of ₹10 each fully paid]	33.90	33.94
Mimas Trading Private Limited [500,000 (Previous year - 500,000) of ₹10 each fully paid]	49.88	49.94
Phoebe Trading Private Limited [340,000 (Previous year - 340,000) of ₹10 each fully paid]	33.90	33.94
Bianca Properties Private Limited [1,041,200 (Previous year - 1,041,200) of ₹10 each fully paid]	104.04	104.08
Belinda Properties Private Limited [1,041,200 (Previous year - 1,041,200) of ₹10 each fully paid]	104.04	104.08
Ananke Properties Private Limited [1,041,200 (Previous year - 1,041,200) of ₹10 each fully paid]	104.04	104.08
Tethys Properties Private Limited [1,041,200 (Previous year - 1,041,200) of ₹10 each fully paid]	104.04	104.07
JH Patel Power Project Private Limited € [(Previous year - 50,000) of ₹10 each fully paid up including ₹ 6.125 lakhs of Goodwill arising on acquisition]	-	66.25
Bay of Bengal Gateway Terminal Private Limited [12,584 (Previous year - Nil) of ₹10 each fully paid]	-	-
Avior Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
Mirach Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
Pragdisa Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
Vainateya Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
Basava Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
Siddheswara Power Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	-	-
DDE Renewable Energy Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	16.51	-
Electromech Maritech Private Limited [2,600 (Previous year - Nil) of ₹10 each fully paid]	38.74	-
Unique Corporate Consultants Private Limited [4,100 (Previous year - Nil) of ₹10 each fully paid]	125.50	-
€ Subsidiary in Current year.		
	9,812.50	9,724.83

Schedules to the Accounts

(₹ in Lakhs)

	As at March 31, 2011	As at March 31, 2010
Schedule 9 INVESTMENTS - Continued		
In Equity Shares of Other Companies		
Indian Energy Exchange [1,250,000 (Previous year - 1,250,000) Equity Shares of ₹10 each fully paid]	125.00	125.00
	125.00	125.00
In Preference Shares of Associate Companies		
Udupi Power Corporation Limited [1,428,152,448 (Previous year - 592,152,448) 1% Cumulative Compulsorily Convertible Preference Shares of ₹10 each fully paid up]	135,087.22	52,517.44
Lanco Anpara Power Private Limited [770,960,000 (Previous year - 595,960,000) 1% Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	70,386.53	53,497.06
Portia Properties Private Limited [2,000,000 (Previous year - 2,000,000) 1% Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	200.00	200.00
Lanco Babandh Power Limited [378,428,650 (Previous year - Nil) 0.001 % Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	35,205.77	-
Mirach Power Private Limited [300,000 (Previous year - Nil) 0.001 % Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	28.97	-
Portia Properties Private limited [44,749,900 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	4,474.99	-
Belinda Properties Private limited [32,783,800 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	3,278.38	-
Ananke Properties Private limited [32,783,800 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	3,278.38	-
Tethys Properties Private limited [32,783,800 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	3,278.38	-
Bianca Properties Private limited [32,783,800 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	3,278.38	-
Charon Trading Private Limited [10,850,000 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	1,085.00	-
Mimas Trading Private Limited [2,649,500 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹10 each fully paid up]	264.95	-
Phoebe Trading Private Limited [30,000 (Previous year - Nil) 0.001 % Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	3.00	-
DDE Renewable Energy Private Limited [15,200,000 (Previous year - Nil) - 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	1,527.60	-
Electromech Maritech Private Limited [15,200,000 (Previous year - Nil) - 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	1,533.68	-
	262,911.23	106,214.50

Schedules to the Accounts

(₹ in Lakhs)

	As at March 31, 2011	As at March 31, 2010
Schedule 9 - INVESTMENTS - Continued		
In Preference Shares of Other Companies		
Clarion Power Corporation Limited [2,500,000 (Previous year - 2,500,000) 6% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 1 each fully paid up]	25.00	25.00
Rithwik Energy Systems Limited [1,351,862 (Previous year - 1,500,000) 6% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 1 each fully paid up]	13.52	15.00
Finehope Allied Engineering Private Limited [15,200,000 (Previous year - Nil) 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	1,539.76	-
KVK Energy Ventures Private Limited [221,700,000 (Previous year - Nil) 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up]	22,724.25	-
Newton Solar Private Limited [15,250,000 (Previous year - Nil) 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹10 each fully paid up]	1,538.73	-
Saidham Overseas Private Limited [15,200,000 (Previous year - Nil) 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹10 each fully paid up]	1,553.44	-
Vasavi Solar Power Private Limited [15,200,000 (Previous year - Nil) - 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of ₹10 each fully paid up]	1,547.36	-
Lanco Horizon Properties Private Limited [72,191,600 (Previous year - 72,044,200) 0.01% Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up]	7,219.16	7,204.42
	36,161.22	7,244.42
Current - Other than Trade (Unquoted)		
In Mutual Funds Schemes (at lower of cost and fair value) \$\$		
Birla Sunlife Savings Fund - Institutional - Daily Dividend Reinvestment Fund [Nil (Previous year - 19,999,254.113) units of ₹ 10.01 per unit]	-	2,001.29
Birla Sunlife Insurance Platinum Premier Plan [182,516.83 (Previous Period Nil) units of ₹ 11.76 per unit]	21.46	-
Birla Sunlife Cash Manager - Institutional Plan - Growth [7,161,207.738 (Previous year: Nil) units of ₹ 11.1713 per unit]	800.00	-
Birla Sunlife Cash Plus - Institutional Premium Growth [3,213,883.979 (Previous year - Nil) units of ₹ 15.557 per unit]	500.00	-
Can Robeco Treasury Advantage Fund - Super Institutional - Daily Dividend [Nil (Previous year - 20,170,945.1773) units of ₹ 12.4071 per unit]	-	2,502.63
HDFC Cash Management Fund - Treasury Advantage Plan - Growth [289,308.71 (Previous year - 5,070,802.153) units of ₹12.2598 per unit]	35.47	1,010.49
HDFC Cash Management Fund - Treasury Advantage - Daily Dividend Reinvestment [Nil (Previous year - 7,863,327.028) units of ₹10.0315 per unit]	-	788.81
HDFC Liquid Fund - Premium Plan Growth [454,494.986 units (Previous year: Nil) of ₹ 19.0090 each]	86.39	-
HDFC Cash Management Fund - Saving Plan Growth [1,953,525.625 (Previous year- Nil) units of ₹ 20.476 per unit]	400.00	-
ICICI Prudential Flexible Income Plan [1,899,264.017 (Previous year - NIL) units of ₹105.735 per unit]	2,008.19	-
ICICI Prudential Ultra Short term Plan Super Premium - Growth [Nil (Previous year - 242,011,925) units of ₹ 10.3311 per unit]	-	25,002.49
ICICI Prudential Fund [Nil (Previous year - 1,763,777.925) units of ₹ 105.7350 per unit]	-	1,864.93

Schedules to the Accounts

(₹ in Lakhs)

	As at March 31, 2011	As at March 31, 2010
Schedule 9 - INVESTMENTS - Continued		
ICICI Prudential Ultra Short Term Plan Super Premium - Daily Dividend [Nil (Previous year - 199,611,435) units of ₹10.02 per unit]	-	20,003.06
IDFC Cash Fund - Super Institutional Plan C - Growth [8,424,948.816 (Previous year- 8,424,948.816) units of ₹ 11.870 per unit]	1,000.00	-
IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend [Nil (Previous year - 19,999,080) units of ₹ 10.00 per unit]	-	2,000.21
JM Money Manager Fund - Super Plus Plan - Daily Dividend [Nil (Previous year - 50,396,991.095) units of ₹ 10.0053 per unit]	-	5,038.35
Kotak Floater Long Term - Daily Dividend [Nil (Previous year - 34,744,188.047) units of ₹ 10.0798 per unit]	-	3,502.14
Religare Ultra Short Term Fund - Institutional - Daily Dividend [Nil (Previous year - 24,963,580) units of ₹ 10.02 per unit]	-	2,500.28
SBI SHF Ultra Short Term Fund - Institutional Plan - Daily Dividend [Nil (Previous year - 34,982,792) units of ₹ 10.01 per unit]	-	3,500.38
Tata Liquid Super High Inv Fund - Appreciation [44,222.044 (Previous year - 41,216.669) units of ₹ 1,809.052 per unit]	800.00	700.00
Tata Floater Fund - Daily Dividend [Nil (Previous year - 17,340,566.817) units of ₹ 10.0356 per unit]	-	1,740.23
Tata Floater Fund - Growth [10,483,855.859 (Previous year - 14,552,137.48) units of ₹14.667 per unit]	1,537.67	1,981.32
Tata Fixed Income Portfolio Fund Scheme A3 Institutional Growth [17,517,114.694 units (Previous year: Nil) of ₹ 10.5611 each]	1,850.00	-
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Option [Nil (Previous year - 150,081.746) units of ₹ 1000.22 per unit]	-	1,501.14
UTI Treasury Advantage Fund - Institutional Plan - Growth Option [Nil (Previous year - 140,255.442) units of ₹ 1,226.68 per unit]	-	1,720.49
UTI Liquid Cash Plan Institutional - Growth [75,029.862 (Previous year - 33,077.284) units of ₹ 1,597.38 per unit]	1,198.51	500.00
\$\$ Aggregate Repurchase price - ₹10,268.10 (Previous year - ₹ 77,912.5) lakhs	10,237.69	77,858.24
In Debentures		
Central Bank of India [9.2% Debentures - 10 (Previous year - 10) units of ₹ 1,000,000 each]	100.00	100.00
	100.00	100.00
Long Term Other than Trade (Quoted) - In Equity Shares of Other Companies[^]		
Power Finance Corporation Limited [2,443 (Previous year - 2,443) of ₹10 each fully paid up]	2.08	2.08
Rural Electrification Corporation Limited [48,729 (Previous year - 48,729) of ₹10 each fully paid up]	98.92	98.94
Indian Bank [6,985 (Previous year - 6,985) of ₹10 each fully paid up]	6.36	6.38
Andhra Bank [31,054 (Previous year - 31,054) of ₹10 each fully paid up]	21.15	21.14
Bank of Baroda [7,206 (Previous year - 7,206) of ₹10 each fully paid up]	16.57	16.57
Central Bank of India [1,524 (Previous year - 1,524) of ₹10 each fully paid up]	1.55	1.55
	146.63	146.66
	319,494.27	201,413.65
[^] Aggregate amount of Quoted Investments {Market value of - ₹ 264.44 (Previous year - ₹ 222.59) lakhs}	146.63	146.66
[^] Aggregate amount of Unquoted Investments	319,347.64	201,266.99

Schedules to the Accounts

	(₹ in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
Schedule 10		
INVENTORIES		
(At Lower of Cost or Net Realisable Value)		
Raw Materials (includes material in transit of ₹159.38 (Previous year - ₹ 28.30) lakhs)	20,610.35	17,697.46
Consumables	677.73	821.07
Stores and Spares (includes material in transit of ₹ 45.91 (Previous year - ₹ 6.55) lakhs)	10,787.72	6,835.05
Construction/Development Work in Progress	179,464.39	137,317.23
Finished Goods	2,694.51	-
	214,234.70	162,670.81
Schedule 11		
SUNDRY DEBTORS		
Considered Good - Secured		
Outstanding for more than Six Months	4,743.81	4,743.81
Other Debts	10,151.46	4,127.59
	14,895.27	8,871.40
Considered Good - Unsecured		
Outstanding for more than Six Months	77,989.07	71,146.79
Other Debts	120,159.32	142,681.55
	198,148.39	213,828.34
Considered Doubtful - Unsecured		
Outstanding for more than Six Months	711.52	420.09
Less: Provision	711.52	420.09
	-	-
	213,043.66	222,699.74
Schedule 12		
CASH AND BANK BALANCES		
Cash on Hand	2,455.78	39.08
Balances with Scheduled Banks		
- On Current Accounts	44,649.90	33,118.24
- On Deposit Accounts	53,012.21	58,197.57
- On Margin Money Accounts *	4,819.66	4,403.10
Balances with Other Banks		
- On Current Accounts	24,108.41	519.09
* The Margin Money Deposits are towards Letters of Credit and Bank Guarantees given by the bankers on behalf of the Company		
	129,045.96	96,277.08
Schedule 13		
OTHER CURRENT ASSETS		
(Unsecured and Considered good)		
Interest Accrued on Deposits	1,311.38	742.85
	1,311.38	742.85

Schedules to the Accounts

(₹ in Lakhs)

	As at March 31, 2011	As at March 31, 2010
Schedule 14		
LOANS AND ADVANCES		
(Unsecured, Considered Good unless Otherwise Stated)		
Loans and Advances to Employees	976.44	647.83
Advance for Investment	168,779.12	59,433.47
Loans Receivable	15,400.00	12,100.00
Advances Recoverable in Cash or in Kind or for Value to be Received		
Considered Good		
To Sub Contractors and Suppliers	196,239.67	58,230.99
To Others	64,750.70	75,125.37
	260,990.37	133,356.36
Considered Doubtful		
To Others	203.49	113.53
Less: Provision for Doubtful Advances	203.49	113.53
	-	-
Deposits		
Considered Good		
Government Authorities	1,481.21	1,589.44
Others	13,583.68	5,392.67
	15,064.89	6,982.11
Considered Doubtful		
Others	38.09	38.09
Less: Provision for Doubtful Security Deposits	38.09	38.09
	-	-
Minimum Alternate Tax Credit Entitlement	11,047.44	6,037.18
	472,258.26	218,556.95
Schedule 15		
CURRENT LIABILITIES AND PROVISIONS		
a) Liabilities		
Acceptances	3,551.70	-
Sundry Creditors		
Dues to Micro and Small Enterprises	131.71	2.21
Dues to Creditors other than Micro and Small Enterprises	243,666.64	223,690.50
Other Liabilities	20,322.59	14,526.59
Advance from Customers	357,289.64	98,188.54
Interest Accrued but not Due on Loans	5,032.79	4,421.56
	629,995.07	340,829.40
b) Provisions		
Provision for Taxation (Net of Advance Tax)	352.84	5,676.43
Provision for Employee Benefits	6,577.10	4,013.94
Provision for Operations and Maintenance (Net of Advances)	172.76	259.97
Provision for Mine Restoration	10,067.09	-
Provision for Lease Equalisation	599.23	-
	17,769.02	9,950.34

Schedules to the Accounts

	(₹ in Lakhs)	
	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Schedule 16		
SALES AND OPERATING INCOME *		
Income from Contract Operations	268,935.97	454,163.85
Income from Sale of Electrical Energy	471,049.03	353,722.52
Sale of Emission Reductions (CDM)	2,191.98	1,713.64
Income from Property Development ^	16,755.52	(2,567.24)
Income from Sale of Coal	7,850.37	-
Income from Sale of Goods	1,298.35	141.79
Income from Management Consultancy Services	561.09	3,581.09
Gain on Foreign Exchange Fluctuations (net)	8,210.65	7,240.06
Other Operating Income	1,520.39	408.79
^ After reversal on account of cancellation, price revision and discount of ₹ 2,161.42 (Previous year ₹ 11,319.94) lakhs		
* Refer Note 4 (i) of Schedule 21		
	778,373.35	818,404.50
Schedule 17		
OTHER INCOME		
Interest Received on Deposits and Margin Money (gross)	2,413.15	5,147.70
[Tax deducted at source ₹ 262.14 (Previous Year - ₹ 733.51) lakhs]		
Interest on Others (gross)	3,185.78	1,069.02
[Tax deducted at source ₹ 207.05 (Previous year - ₹ 43.07) lakhs]		
Dividend Income - from Non Trade Current Investments	257.74	337.03
Profit on Sale of Non Trade Current Investments	770.73	372.65
Profit on Sale of Non Trade Long Term Investments	123.03	1,461.79
Insurance Claims Received / Receivable	1,795.75	1,295.56
Liabilities and Provisions no Longer Required Written Back	2,056.27	188.54
Profit on Sale of Fixed Assets	3.71	0.10
Impact of Change in Method of Depreciation	14,148.87	-
Miscellaneous Income	1,065.38	873.12
	25,820.41	10,745.51
Schedule 18		
CONSTRUCTION, GENERATION AND OPERATING EXPENSES		
Opening Construction / Development Work in Progress	137,317.23	109,573.86
Less: Transfer to Capital Work in Progress	6,766.43	-
Less: Transfer to Fixed Assets	1,810.36	-
Less: Prior Period Adjustment	222.30	-
Less: Adjustment on account of Excess Managerial Remuneration	101.27	-
	128,416.87	109,573.86
Add: Construction Material Consumed	147,821.03	246,726.92
Less: Closing Construction / Development Work in Progress	179,464.39	137,317.20
Construction Cost	96,773.51	218,983.58
Subcontract Cost	53,529.44	76,313.64
Property Development Cost	24,312.59	36,760.80
Power Purchase	162,476.73	168,366.51
Raw Materials Consumed - Power Generation	126,859.12	83,751.59

Schedules to the Accounts

(₹ in Lakhs)

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Schedule 18 - CONSTRUCTION, GENERATION AND OPERATING EXPENSES - Continued		
Coal Mining and Transportation Cost	8,081.02	-
Consumption of Stores and Spares	3,362.20	4,077.21
Transmission Charges	13,362.17	5,501.28
Labour Charges	7,660.60	5,689.81
Site Expenses	11,153.94	8,434.57
Operations and Maintenance	8,030.51	5,536.22
Repairs and Maintenance:		
Plant and Machinery	1,939.19	1,705.53
Factory Buildings	33.46	-
	517,574.48	615,120.74
Schedule 19		
ADMINISTRATIVE AND OTHER EXPENSES		
A. Employee Costs		
Salaries, Allowances and Benefits to Employees	41,407.12	28,324.07
Contribution to Provident Fund and Other Funds	3,653.09	2,254.08
Managerial Remuneration	2,469.00	1,171.86
Recruitment and Training	1,223.48	327.25
Staff Welfare Expenses	1,878.57	1,068.13
SUB TOTAL (A)	50,631.26	33,145.39
B. Other Administrative Costs		
Rent	3,907.67	2,132.47
Rates and Taxes	2,110.33	1,050.42
Donations	708.80	508.04
Repairs and Maintenance:		
Office Building	266.15	13.65
Others	845.61	410.09
Marketing and Selling Expenses	540.43	155.32
Office Maintenance	1,032.44	455.12
Insurance	1,447.25	1,099.34
Printing and Stationery	419.20	282.06
Consultancy and Other Professional Charges	2,796.08	2,587.50
Director's Sitting Fee	39.31	35.95
Electricity Charges	240.18	189.26
Remuneration to Auditors (As Auditors):		
Audit Fees	157.20	130.61
Tax Audit Fees	36.65	21.21
Certification	8.13	5.59
Out of Pocket Expenses	30.34	34.51
Travelling and Conveyance	5,986.93	3,757.52
Communication Expenses	912.00	690.45
Loss on Sale of Fixed Assets	1,397.30	83.42
Provision for Advances / Claims / Debts	764.71	327.80
Business Promotion and Advertisement	2,772.88	543.17
Miscellaneous Expenses	724.56	877.22
SUB TOTAL (B)	27,144.15	15,390.72
TOTAL (A) + (B)	77,775.41	48,536.11
Less: Transferred to Property Development Cost	2,616.61	1,980.94
Less: Transferred to Capital Work in Progress	127.82	-
Less: Elimination of Cost on Intercompany Management Consultancy Income	3,277.75	3,623.40
	71,753.23	42,931.77

Schedules to the Accounts

	(₹ in Lakhs)	
	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Schedule 20		
INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans	74,672.14	40,913.69
Interest on Debentures	-	73.66
Interest on Working Capital Loans and Others	10,670.36	5,734.59
Bank and Other Finance Charges	5,288.68	2,805.25
	90,631.18	49,527.19
Less: Transferred to Property Development Cost	8,739.33	9,154.09
Less: Transferred to Capital Work in Progress	6,346.99	4,832.02
	75,544.86	35,541.08

Schedule 21**STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. Description of Business**

Lanco Infratech Limited ('LITL' or 'the Company') and its subsidiaries (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, Development of Expressways and Exploration, mining and marketing of Coal.

EPC and Construction Business

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

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. National Energy Trading and Services Limited (NETS), earlier known as Lanco Power Trading Limited (LPTL) is involved in the power trading activity.

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, luxury premier hotels, retail and commercial complex.

Resources (Coal) Business

Griffin Coal Mining Company Pty. Ltd. (GCMPL) and Carpenter Mine Management Pty. Ltd. (CMMPL) are incorporated and Operating in Australia. These company's principal activities are the exploration, mining and marketing of coal. During the financial year the company through its step down subsidiaries acquired these companies.

2. Principles of Consolidation

The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions 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.

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 cost 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.

Equity method of accounting is followed for investments in Associates in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, wherein goodwill / capital reserve arising at the time of acquisition and share of profit or losses after the date of acquisition are included in carrying amount of investment in 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.

The financial statements of the group companies and associates used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2011.

As per Accounting Standard 21 notified by Companies (Accounting Standards) Rules, 2006 (as amended) Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements.

Entities considered for consolidation

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

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Kondapalli Power Limited (LKPL) [Formerly Lanco Kondapalli Power Private Limited (LKPPL)]	Subsidiary	India	59.00%	59.00%
2	Lanco Tanjore Power Company Limited (LTPCL) [Formerly Aban Power Company Limited (APCL)]	Subsidiary	India	51.02%	51.02%
3	Regulus Power Private Limited (RPPL)	Subsidiary	India	98.04%	Nil
4	Arneb Power Private Limited (APPL)	Subsidiary	India	93.75%	Nil
5	Lanco Power Limited (LPL) [Formerly Lanco Amarkantak Power Limited (LAPL)]	Subsidiary	India	100.00%	95.76%
6	Lanco Vidarbha Thermal Power Limited (LVPPL) [Formerly Lanco Vidarbha Thermal Power Private Limited]	Subsidiary	India	100.00%	100.00%
7	Himavat Power Private Limited (HPPL)	Subsidiary	India	100.00%	Nil
8	Lanco Teesta Hydro Power Private Limited (LTHPPL) [Formerly Lanco Energy Private Limited (LEPL)]	Subsidiary	India	99.96%	99.96%
9	Lanco Budhil Hydro Power Private Limited (LBHPPL) [Formerly Lanco Green Power Private Limited (LGPPL)]	Subsidiary	India	99.99%	99.99%
10	Lanco Hydro Power Ventures Private Limited (LHPVPL)	Subsidiary	India	100.00%	100.00%
11	Bhanu Solar Projects Private Limited (BSPPL)	Subsidiary	India	100.00%	Nil
12	Diwakar Solar Projects Private Limited (DSPPL)	Subsidiary	India	100.00%	Nil
13	Lanco Solar Energy Private Limited (LSEPL)	Subsidiary	India	100.00%	100.00%
14	Lanco Wind Power Private Limited (LWPPL)	Subsidiary	India	100.00%	100.00%
15	National Energy Trading and Services Limited (NETS) [Formerly Lanco Power Trading Limited (LPTL)]	Subsidiary	India	99.83%	99.83%
16	Mercury Projects Private Limited (MPPL)	Subsidiary	India	100.00%	100.00%
17	Lanco Hills Technology Park Private Limited (LHTPPL)	Subsidiary	India	74.00%	74.00%
18	Cordelia Properties Private Limited (CPPL)	Subsidiary	India	99.98%	99.98%
19	Deimos Properties Private Limited (DePPL)	Subsidiary	India	99.99%	99.99%
20	Dione Properties Private Limited (DPPL)	Subsidiary	India	100.00%	99.93%
21	Neptune Projects Private Limited (NPPL)	Subsidiary	India	99.72%	99.41%
22	Pearl Farms Private Limited (PFPL)	Subsidiary	India	99.99%	99.97%
23	Telesto Properties Private Limited (TePPL)	Subsidiary	India	99.98%	99.98%
24	Uranus Projects Private Limited (UPPL)	Subsidiary	India	99.97%	99.97%
25	Lanco International Pte Limited (LIPL) [Formerly Lanco Enterprise PTE Limited (LEnPL)]	Subsidiary	Singapore	99.50%	95.00%
26	Lanco Resources International Pte Limited (LRIPL)	Subsidiary	Singapore	100.00%	Nil
27	Lanco Infratech (Mauritius) Limited (LIML)	Subsidiary	Mauritius	100.00%	100.00%
28	Lanco Kanpur Highways Limited (LKHL)	Subsidiary	India	98.80%	Nil
29	Genting Lanco Power (India) Private Limited (GLPIPL)	Associate	India	26.00%	26.00%
30	Udupi Power Corporation Limited (UPCL)	Associate	India	26.15%	26.15%
31	Lanco Anpara Power Limited (LANPL)	Associate	India	26.07%	26.07%
32	Lanco Babandh Power Limited (LBPL)	Associate	India	26.00%	26.00%

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
33	Pragdisa Power Private Limited (PrPPL)	Associate	India	26.00%	Nil
34	Vainateya Power Private Limited (VPPL)	Associate	India	26.00%	Nil
35	Avior Power Private Limited (AvPPL)	Associate	India	26.00%	Nil
36	Mirach Power Private Limited (MIPPL)	Associate	India	26.00%	Nil
37	Lanco Hoskote Highways Private Limited (LHHPL)	Associate	India	26.42%	26.42%
38	Lanco Devihalli Highways Private Limited (LDHPL)	Associate	India	26.10%	26.10%
39	Bay of Bengal Gateway Terminal Private Limited (BBGTPL)	Associate	India	26.00%	Nil
40	Portia Properties Private Limited (PPPL)	Associate	India	34.00%	34.00%
41	Charon Trading Private Limited (CTPL)	Associate	India	34.00%	34.00%
42	Mimas Trading Private Limited (MTPL)	Associate	India	50.00%	50.00%
43	Ananke Properties Private Limited (AnPPL)	Associate	India	26.03%	26.03%
44	Tethys Properties Private Limited (TPPL)	Associate	India	26.03%	26.03%
45	Bianca Properties Private Limited (BiPPL)	Associate	India	26.03%	26.03%
46	Belinda Properties Private Limited (BePPL)	Associate	India	26.03%	26.03%
47	Phoebe Trading Private Limited (PTPL)	Associate	India	34.00%	34.00%

Step Down Subsidiaries:**Subsidiaries of Lanco Hydro Power Ventures Private Limited**

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Mandakini Hydro Energy Private Limited (LMHEPL) [earlier Lanco Hydro Energies Private Limited (LHEPL)]	Subsidiary	India	100.00%	100.00%
2	Vamshi Hydro Energies Private Limited (VHEPL)	Subsidiary	India	99.94%	99.94%
3	Vamshi Industrial Power Limited (VIPL)	Subsidiary	India	99.88%	99.88%

Subsidiaries of Lanco Wind Power Private Limited

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Amrutha Power Private Limited (APPL)	Subsidiary	India	100.00%	100.00%
2	Spire Rotor Private Limited (SRPL)	Subsidiary	India	99.90%	99.90%
3	JH Patel Power Project Private Limited (JhPL)#	Subsidiary	India	99.90%	50.00%

In the previous year it was associate of Lanco Wind Power Private Limited.

Subsidiaries of Lanco Solar Energies Private Limited

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Solar Private Limited * (LSPL)	Subsidiary	India	100.00%	100.00%
2	Khaya Solar Projects Private Limited (KSPPL)	Subsidiary	India	100.00%	Nil
3	Lanco Solar Services Private Limited (LSSPL)	Subsidiary	India	100.00%	Nil

*In the previous year 100% shares were held by the LITL directly.

Subsidiaries of Uranus Projects Private Limited

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Thebe Properties Private Limited (ThPPL)**	Subsidiary	India	95.00%	95.00%
2	Uranus Infratech Private Limited (UIPL)**	Subsidiary	India	95.00%	95.00%
3	Leda Properties Private Limited (LPPL)**	Subsidiary	India	95.00%	95.00%
4	Jupiter Infratech Private Limited (JIPL)**	Subsidiary	India	95.00%	95.00%
5	Cressida Properties Private Limited (CrPPL)**	Subsidiary	India	95.00%	95.00%
6	Coral Orchids Private Limited (COPL)**	Subsidiary	India	95.00%	95.00%

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

Subsidiary of Lanco Resources International PTE Limited

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Resources Australia Pty. Limited (LRAPL)	Subsidiary	Australia	100.00%	Nil

Subsidiaries of Lanco Resources Australia Pty. Limited

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	The Griffin Coal Mining Company Pty. Limited (GCMPL)	Subsidiary	Australia	100.00%	Nil
2	Carpenter Mine Management Pty. Limited (CMMPL)	Subsidiary	Australia	100.00%	Nil

Subsidiary of Lanco Infratech (Mauritius) Limited

Sr. No.	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	PT. Lanco Indonesia Energy (LInE)	Subsidiary	Indonesia	99.80%	99.00%

Subsidiaries of Lanco International PTE Limited

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Enterprise Pte Limited	Subsidiary	China	100.00%	Nil
2	LE New York - LLC	Subsidiary	New York	100.00%	Nil
3	Apricus S.R.L	Subsidiary	Italy	100.00%	Nil
4	Lanco Solar International Pte Limited	Subsidiary	Singapore	100.00%	Nil
5	Lanco Power International Pte Limited	Subsidiary	Singapore	100.00%	Nil
6	Green Solar SRL	Subsidiary	Italy	100.00%	Nil
7	Lanco Solar International Ltd.	Subsidiary	United Kingdom	100.00%	Nil
8	Lanco Solar Holding Netherland B.V	Subsidiary	Netherlands	100.00%	Nil
9	Lanco Holding Netherland B.V	Subsidiary	Netherlands	100.00%	Nil

Subsidiaries of Lanco Solar International Limited (United Kingdom)

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Solar International USA Inc.	Subsidiary	United States of America	100.00%	Nil
2	Lanco Solar Project Development SL	Subsidiary	Spain	100.00%	Nil

Subsidiaries of Lanco Solar Holding Netherland B.V.

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Italy PV 1 Investment BV	Subsidiary	Italy	100.00%	Nil
2	Lanco Italy PV 2 Investment BV	Subsidiary	Italy	100.00%	Nil
3	Lanco Spain PV1 Investment BV	Subsidiary	Spain	100.00%	Nil

Subsidiaries of Lanco Italy P.V.2 Investment BV

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Rocky Face Land Holdings LLC	Subsidiary	United States of America	100.00%	Nil
2	Lanco North Park Land Holdings One LLC	Subsidiary	United States of America	100.00%	Nil
3	Lanco North Park Land Holdings Two LLC	Subsidiary	United States of America	100.00%	Nil
4	Lanco Tracy City Land Holdings LLC	Subsidiary	United States of America	100.00%	Nil

Subsidiary of Lanco Spain P.V.1 Investment BV

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Inversion Solar Andalucia 14 SL	Subsidiary	Spain	100.00%	Nil

Subsidiary of Lanco Holding Netherlands B.V.

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Lanco Energy Africa	Subsidiary	South Africa	100.00%	Nil

Associates of Subsidiaries:**Associates of Mercury Projects Private Limited**

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	Basava Power Private Limited (BPPL)	Associate	India	26.00%	Nil
2	Siddheswara Power Private Limited (SiPPL)	Associate	India	26.00%	Nil

Associates of Lanco Solar Energies Private Limited

Sr. No	Name of the Company	Relationship	Country of Incorporation	Percentage of Ownership Interest	
				March 31, 2011	March 31, 2010
1	DDE Renewable Energy Private Limited (DREPL)	Associate	India	26.00%	Nil
2	Electromech Marytech Private Limited (EMPL)	Associate	India	26.00%	Nil
3	Unique Corporate Consultants Private Limited (UCCPL)	Associate	India	41.00%	Nil

3. The Significant Accounting Policies are as follows:**i. Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Group and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

ii. Change in Accounting Policy**Change in method of depreciation**

During the current year two of the subsidiary companies - LKPL & LPL, has changed (with retrospective effect) their method of providing depreciation on fixed assets from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line Method (SLM) on the basis of expert technical inputs and to align the depreciation method with other power companies within the group and industry.

In case of LKPL (Unit - II), had the subsidiary company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account before taxation for the current year would have been higher by ₹ 12,007.72 Lakhs and the net block of fixed assets would correspondingly have been lower by ₹ 12,007.72 Lakhs. The net surplus of ₹ 2,381.22 Lakhs arising out of such retrospective re-computation has been recognised as Other Income in the current year profit and loss account.

In case of LPL, had the subsidiary company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account before taxation for the current period would have been higher by ₹ 24,704.62 Lakhs and the net block of fixed assets would correspondingly have been lower by ₹ 24,704.62 Lakhs. The net surplus of ₹ 12,043.33 Lakhs arising out of retrospective re-computation has been recognised as Other Income in the current year profit and loss account.

iii. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iv. Revenue Recognition

Revenue is recognized based on the nature of activity to

the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured.

EPC and Construction Services

For EPC and construction contracts, contract prices are either fixed or subject to price escalation clauses.

Revenues are recognised on a percentage of completion method measured on the basis of stage of completion which is as per joint surveys and work certified by the customers.

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

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

Amounts due in respect of price escalation claims and/or variation in contract work are recognized as revenue only if the contract allows for such claims or variations and/or there is evidence that the customer has accepted it and are capable of being reliably measured.

Sale of Power

Revenue from sale of energy is recognized on the accrual basis in accordance with the provisions of Power Purchase Agreement. Claims for delayed payment charges and any other claims, which the entities in the group is entitled to under the Power Purchase Agreement are accounted for in the year of acceptance.

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

Carbon Credits

Revenue from sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognized on accrual basis on sale of eligible credits.

Property Development

Revenue from real estate under development is recognised upon transfer of significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the agreement for sale and when the buyer's investment is adequate enough to demonstrate a commitment to pay.

In accordance with the Guidance Note on Recognition of Revenue by Real Estate Developers issued by the Institute of Chartered Accountants of India (the "ICAI") the Revenue from sale of residential and commercial properties is recognized on the "percentage of completion method". Percentage of completion is determined on the basis of actual project cost (including cost of Land) incurred thereon to total estimated project cost, where the

actual cost is 25 percent or more of the total estimated project cost. Where the total cost of a contract, based on technical and other estimates is expected to exceed the corresponding contract value, such expected loss is provided for.

In case it is unreasonable to expect ultimate collection from sale of residential units, the revenue recognition is postponed to the extent of uncertainty involved.

For determining whether it is not unreasonable to expect ultimate collection, the entities in the Group considers the evidence of the buyer's commitment to make the complete payment. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of all significant risks and rewards of ownership are transferred to the buyer, revenue recognition is postponed to the extent of uncertainty involved.

Sale of Coal

Revenue from the sale of coal is recognised when the substantial risks and rewards of ownership are transferred to the buyer and revenue can be reliably measured.

Insurance Claims

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

Management Consultancy

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

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

v. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

vi. Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Research costs are expensed as incurred. Development

expenditure incurred on an individual project is recognized as an intangible asset when the entities in the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

vii. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

viii. Depreciation / Amortisation:

Tangible Assets

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. Assets costing ₹ 5000 or less are fully depreciated in the year of acquisition.

Leasehold land is amortised over the period of the lease.

Leasehold improvements included in "furniture and fixtures" are amortized over the period of lease or estimated useful life whichever is shorter.

Certain project related assets including temporary structures are depreciated over the respective estimated project periods. Depreciation on 'Wooden Scaffoldings' is provided at 100%, and 'Metal Scaffoldings' is written off over a period of 3 years, which are grouped under plant and machinery.

In case of GCMPL, depreciation / amortization of the mining assets is charged in proportion to the depletion of the economically viable mineral reserves i.e. extraction of coal from the mines.

In case of VHEPL, pursuant to order No 45/5/2010-CL-III, from the Ministry of Corporate Affairs dated-November 22, 2010, Government of India, it has changed the applicable Depreciation rates on Hydraulic Works and Plant & Machinery from 5.28% PA to 2.714% PA.

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

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.

Intangible Assets

Computer Software is amortized over an estimated useful life of 4 years.

ix. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

x. Inventories

Construction materials, raw materials, Consumables, Stores and Spares and project / construction work-in-progress are valued at lower of cost and net realizable value.

Cost is determined on weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

In case of LHTPPL, Development Work-in-progress related to project works is valued at cost and estimated net realizable value whichever is lower, till such time the outcome of the related project is ascertained reliably and at contractual rates thereafter. Cost includes cost of land, cost of materials, cost of borrowings to the extent it relates to specific project and other related project overheads.

xi. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs

consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

xii. Claims

Claims for duty drawback are accounted for on accrual basis.

xiii. Employee Benefits

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year or capitalized as other direct cost in the Capital work-in-progress for the projects under construction stage, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- ii. Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Retention bonus liability is provided for on the basis of actuarial valuation at the end of each financial year.
- iv. Compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred or giving the effect in other direct cost in the Capital work-in-progress for the projects under construction stage.

xiv. Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

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 commitments and / or in respect of highly probable forecast transaction on balance sheet date are accounted on Mark to Market basis keeping in view of the principle of prudence.

Translation of Non-Integral Foreign Operations

Financial statements of non-integral foreign operations are translated as under:

- i) Assets and Liabilities both monetary and non-monetary are translated at the rate prevailing at the end of the year.
- ii) Income and expense items are translated at exchange rates at the dates of the transactions.

Exchange differences arising on translation of non-integral foreign operations are accumulated in the foreign currency translation reserve until the disposal of such operations.

Also refer Note – 4(xxv) of Schedule – 21.

xv. Leases

Operating Lease

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 arrived on straight line basis and charged to the Profit and Loss Account on accrual basis.

Finance Lease

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

xvi. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvii. Employee Stock Option Scheme

The Group 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 group follows the intrinsic value method for computing the compensation cost for all options granted which will be amortized over the vesting period.

xviii. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the entities in the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the entities in the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The entities in the group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xix. Minimum Alternate Tax

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the entities in the group will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The entities in the group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that entities in the group will pay normal Income Tax during the specified period.

xx. Provisions, Contingent Liabilities and Contingent Assets

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

- a) The entities in the group has a present obligation as a result of past event,
- b) A probable outflow of resources is expected to settle the obligation; and
- c) 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) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) A present obligation arising from past events, when no reliable estimate is possible;
- c) 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.

xxi. Operations and Maintenance

Certain power related subsidiaries of the group 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.

xxii. Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

xxiii. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under (AS) - 11, Accounting for the Effects of Changes in Foreign Exchange Rates are marked to market on a portfolio basis, and the loss is charged to the income statement. Gains are ignored.

xxiv. Mining Assets**Deferred overburden**

In case of coal business from surveys and geological modeling the total overburden and coal within a Block is determined which provides a Block ratio. As mining occurs, the actual ratio mined is compared to the Block ratio. When the actual ratio is higher this is an indicator of additional overburden removed compared to coal mined. The costs of moving this additional overburden which relate to more than one period are carried forward and written off over the periods to which the benefit of the overburden moved relates.

Exploration and evaluation

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to the operational activities in a particular area of interest.

Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

4. Notes to the Consolidated Financial Statements

i. Intra Group Turnover and Profits

The Group 'Sales and Operating Income', 'Net Profit after taxation, minority interest and share of profits of associates' and 'Net Cash flow from Operating Activities' is after eliminating inter-company transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements". The impact of these eliminations on the said items is as under:

(₹ in Lakhs)

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Sales and Operating Income before elimination	11,04,451.35	9,48,323.50
Less : Eliminated as per AS 21	3,26,078.00	1,29,919.00
Sales and Operating Income as per Schedule - 16	7,78,373.35	8,18,404.50

(₹ in Lakhs)

Particulars	Year ended	
	March 31, 2011	March 31, 2010
Net Profit after taxation, minority interest and share of profits of associates before elimination	94,490.99	62,762.89
Less : Eliminated as per AS 21 & 23	49,884.11	16,908.00
Net Profit after taxation, minority interest and share of profits of associates	44,606.88	45,854.89

(₹ in Lakhs)

Particulars	Year Ended	
	March 31, 2011	March 31, 2010
Net Cash flow from Operating Activities before elimination	3,26,034.75	19,895.10
Less : Eliminated Profit on transactions with Subsidiaries as per AS 21	45,811.00	9,355.00
Net Cash flow from Operating Activities	2,80,223.75	10,540.10

ii. Security details of Secured Loans:

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 entities of the group 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 subsidiary company from a financial institution, land belonging to the subsidiary has been given as collateral security.

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 companies shares by the share holder / promoter of the company.

c) Finance Lease Liabilities

All finance lease liabilities are secured by the Plant & Machinery taken under Finance Lease Agreement.

d) Hypothecation Loans

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

e) Cash credit and Working capital loan from Banks

Cash credit and Working capital loan from Banks relating to company and subsidiaries are secured by hypothecation of stocks / Work-in-Progress / and other current assets of the respective companies both present and future on paripassu 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 company.

iii. Unsecured Loans

The company's unsecured loans from banks are guaranteed by way of pledge of shares of the company held by the promoters.

iv. Deferred Payment Liability

Deferred Payment Liability of ₹ 1,15,096.30 (Previous Year: ₹ Nil) Lakhs represents future consideration payable in respect of acquisition of subsidiaries (GCMPL, CMMPL & APRICUS S.R.L) during the year.

- v. The effect of acquisition (including newly formed) of stake in subsidiaries during the year on the consolidated financial statements is as under:

(₹ in Lakhs)			
Sr. No.	Name of Subsidiary Company	Effect on Group Profit / (Loss) after Minority Interest for the period ended March 31, 2011	Net Assets as at March 31, 2011
Indian Subsidiaries			
1	Regulus Power Private Limited	-	166.16
2	Arneb Power Private Limited	-	207.00
3	Himavat Power Private Limited	-	3,868.67
4	Bhanu Solar Projects Private Limited	(0.22)	14.47
5	Diwakar Solar Projects Private Limited	(0.03)	212.80
6	Lanco Solar Energy Private Limited		17,512.79
7	Lanco Solar Service Private Limited	(4.14)	(3.35)
8	Khaya Solar Projects Private Limited	(1.67)	76.31
9	JH Patel Power Project Private Limited	-	10.00
10	Lanco Kanpur Highways Limited	-	51.76
Foreign Subsidiaries			
11	Lanco Enterprise Pte Limited (China)	20.63	88.94
12	LE NewYork-LLC (USA)	(44.29)	1,465.51
13	Apricus S.R.L (Italy)	(0.28)	111.54
14	Lanco Solar International Pte Limited (Singapore)	(0.56)	44.09
15	Lanco Power International Pte Limited (Singapore)	(0.54)	44.12
16	Green Solar SRL (Italy)	(5.00)	0.90
17	Lanco Solar International Limited (UK)	(11.92)	1,824.03
18	Lanco Solar International USA Inc. (USA)	-	133.94
19	Lanco Solar Project Development S.L.U - (Spain)	(0.16)	20.52
20	Lanco Holding Netherland B.V (Netherlands)	(19.46)	308.23
21	Lanco Energy Africa (Africa)	-	-
22	Lanco Solar Holding Netherland B.V (Netherlands)	(10.56)	9.24
23	Lanco Italy PV 1 (Netherlands)	(2.80)	10.57
24	Lanco Italy PV 2 (Netherlands)	(2.80)	10.57
25	Lanco Rocky Face Land Holdings LLC (USA)	-	-
26	LancoTracy City Land Holdings LLC (USA)	-	-
27	Lanco North Park Land Holdings One LLC (USA)	-	-
28	Lanco North Park Land Holdings Two LLC (USA)	-	-
29	Lanco Spain PV1 (Netherlands)	(2.80)	10.57
30	Inversion Solar Andalucia 14, S.L.U - (Spain)	-	1.41
31	Lanco Resources International Pte Limited (Singapore)	(249.88)	(55,259.77)
32	Lanco Resources Australia Pty Limited (Australia)	4,724.88	(276,185.17)
33	The Griffin Coal Mining Company Pty Limited (Australia)	(2,181.02)	441,472.47
34	Carpenter Mine Management Pty Limited (Australia)	536.86	(10,553.14)
	Total	2,744.24	125,675.18

vi. **Contingent Liabilities**

(A) **Claims disputed by Group**

(₹ in Lakhs)			
	Particulars	2011	2010
a)	Income Tax Liability	265.42	487.50
b)	Sales Tax Liability	576.65	29.40
c)	Service Tax Liability	5,116.09	3,560.40
d)	Seignorage Fees	1,929.31	1,929.31
	Total	7,887.47	6,006.61

(B) Company's share of contingent liabilities of associate companies is ₹ 381.07 (Previous Year: ₹ 127.23) Lakhs.

(C) Outstanding corporate guarantees - ₹ 4,56,118 (Previous Year: ₹ 3,66,344) Lakhs.

vii) Capital Commitments

Estimated Value of Contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ 23,08,069 (Previous Year: ₹ 14,40,584) Lakhs.

viii) Claims not acknowledged as debts

- a. In case of LKPL, AP Transco (presently APPCC) has raised certain disputes regarding the Installed capacity, reduction in tariff, which are subjudice are present. The management, on the basis of legal advice, is of the view that the matters under dispute are not tenable and can be contested successfully and hence expects no outflow on this account. As these 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. Pending such disputes, LKPL has recognized revenue based on acceptance of bills by APPCC as in earlier years.
- b. In case of LKPL, customs duty related cases under appeal not acknowledged as debt are ₹ 6,957.77 (Previous Year: ₹ 8,921.80) Lakhs. The management, based on an internal assessment and legal opinion, is confident that the above matters will be decided in its favour.
- c. In case of LKPL, AP Transco (presently APPCC), on December 15, 2005, raised a claim of liquidated damages towards alleged delay in commissioning of Phase I project on October 25, 2000, of LKPL for ₹ 9,516.00 (Previous Year: ₹ 9,516.00) Lakhs. APPCC unilaterally adjusted energy dues to the extent of ₹ 4,743.81 (Previous Year: ₹ 4,743.81) Lakhs against the above claim. The LKPL has filed a writ petition before AP High Court and obtained stay order for any such further deductions. APPCC has approached Andhra Pradesh Electricity Regulatory Commission (APERC) seeking orders in this regard. Presently, the matter is pending with APERC and pending such dispute the management on the basis of legal advice, is confident that the amounts so deducted are recoverable and no adjustments are required in respect of such dues recognized as receivable as at March 31, 2011.
- d. In case of LTPCL - Tamil Nadu Electricity Board (TNEB) raised a claim of ₹ 717.96 (Previous year: ₹ 717.96) Lakhs in the prior years, towards refund of fixed charges paid by them for power supplies made by LTPCL prior to the date of commercial operations. Further LTPCL 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 ₹ 159.57 (Previous year: ₹ 159.57) Lakhs.

Based on legal advice obtained, 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. As per the direction of High Court, cases have been referred to Tamil Nadu Electricity Regulatory Commission for adjudication. Stay order on recovery will be continued.

- e. In case of LPL, loans and advances considered good includes an amount of ₹ 2,295.00 Lakhs being the amount of Bank Guarantee encashed by South Eastern Coal Fields Limited. LPL has preferred an arbitration against the encashment and the same is pending. The management, based upon its assessment of the case and legal advice obtained by it, is of the view that the subsidiary company will be successful in this matter, and consequently, this will not have any material financial impact upon the subsidiary company.
- f. In case of NETS, during the year, the subsidiary company has contracted with a supplier for purchase of power from May, 2010 to March, 2011 at pre determined prices. Due to the drastic fall in power demand arising out of widespread monsoons and change in law due to new UI Regulations (falling under the force majeure clause of the tender document) and consequential significant reduction in prices, the subsidiary company could not schedule the sale of power onwards at the contracted price, after June, 2010. NETS had accordingly suspended the contract in November, 2010 and also proposed the supplier to off-take power at the average prevailing market price and to extend the contract period beyond March 31, 2011 if the contracted power could not be sold by then. The supplier had not responded to the proposal, but has raised compensation bills amounting to ₹ 8,655.40 Lakhs not accepted by the NETS. The management, based upon its assessment and legal advice obtained, is confident of the outcome of the matter in its favour and accordingly is of the view that this will not have any material financial impact on the subsidiary company (including preparation of the financial statements on the going concern basis) and there is a strong case that it can be successfully defended.
- g. In case of LBHPPL, Government of Himachal Pradesh has issued a notice to the LBHPPL for payment of Construction Cess at 1% of the project Cost under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, amounting to ₹ 372.42 Lakhs. The notice has been contested by the LBHPPL in the Hon'ble High Court of Himachal Pradesh. Of the above demand, the LBHPPL has paid ₹ 15.52 Lakhs towards cess and made a deposit of ₹ 85.00 Lakhs with the Government of Himachal Pradesh as per the order issued by the High Court on September 01, 2010. The management of LBHPPL, based on an internal assessment, is confident that the above matter can be successfully defended.

- h. In case of LWPL - ₹ 332.80 (Previous Year: ₹ 332.80) Lakhs on account of claims from the technology partner towards compliance of collaboration agreement.
 - i. Company's share of claims not acknowledged as debts of associate companies ₹ 3,107.40 (Previous Year: ₹ 3,971.66) Lakhs.
- ix. In case of LKPL, based on a legal opinion obtained by the subsidiary company, in pursuance of issuance of "Central Electricity Regulatory Commission (Sharing of Interstate Transmission charges and losses) regulations, 2010", LKPL is of view that the transmission charges under Bulk Power Transmission Agreement entered into with Power Grid Corporation of India Limited for use of its transmission system are payable on actual use of transmission systems. Accordingly, transmission charges aggregating to ₹ 1,964.23 Lakhs accrued for certain regions, which were not used, on a conservative basis, in the previous year has been written back. The same is included in liabilities and provisions no longer required written back in Schedule 17 - "Other Income".
- x. In case of LKPL, pending notification of Central Electricity Regulatory Commission Tariff Orders for 2009-14 (referred as 'the Orders') for certain assets commissioned and put in to use, Power Grid Corporation of India Limited (PGCIL) has levied transmission charges based on 2008-09 tariff orders.
- Accordingly, provision aggregating to ₹ 2,001.80 Lakhs (Previous Year: ₹ Nil) has been made towards the estimated differential transmission charges on the basis of an intimation from PGCIL. The Management does not expect material difference between such estimate and final amounts to be levied by PGCIL.
- xi. In case of LPL, the subsidiary company has reviewed its plan of availing 80IA benefits under Income Tax Act, 1961 ("tax holiday period") in respect of both Unit 1 and Unit 2 with effect from financial year 2014-15 onwards and has considered the recognition of deferred tax liability and MAT credit entitlement accordingly.
- xii. In case of LPL, pursuant to Common Loan Agreement dated August 04, 2005 & June 19, 2006 between LPL 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 ₹ 10 each.
- xiii. In case of LPL, advances recoverable in cash or in kind for value to be received include an amount of ₹ 2,474.06 Lakhs paid to Water Resources Department, Korba, Chhattisgarh towards the cost of Kudumal Annicut (Weir). The said amount shall be adjusted against the water charges payable by LPL for the water being drawn from the Annicut after the completion of its construction.
- xiv. In case of LPL, the Subsidiary Company entered into a Power Purchase Agreement ("PPA") with PTC India Limited ("PTC") for sale of Power from its Unit 1. PTC further signed a Power Sale Agreement ("PSA") with Madhya Pradesh State Electricity Board ("MPSEB").

MPPTC (erstwhile MPSEB) filed a petition before Madhya Pradesh Electricity Regulatory Commission ("MPERC") for approval of the same. MPERC granted conditional and provisional approval to the aforesaid PSA subject to the fulfillment of certain conditions requiring the subsidiary company to submit itself to the jurisdiction of the MPERC. LPL disputed the MPERC's jurisdiction in the above said matters by filing an appeal before the Appellate Tribunal for electricity ("APTEL"). APTEL held that MPERC had exceeded its jurisdiction for the purpose of determination of tariff under the PPA. LPL had also terminated the aforesaid PPA due to failure of PTC in its obligation under the PPA to obtain regulatory approval of tariff by the appropriate commission within the specified time which was a condition precedent to the agreement required to be fulfilled by PTC. Against the termination of the aforesaid PPA, PTC filed a case against LPL in MPERC and obtained interim stay on PPA termination. Against the order of MPERC, LPL filed another appeal before APTEL and APTEL held that MPERC had no jurisdiction to adjudicate the matter of PPA. PTC, MPPTC and MPERC preferred separate appeals in the Hon'ble Supreme Court of India against the order of APTEL and the same are pending. The management, based upon its assessment and legal advices obtained, is confident of the outcome of these matters in its favour and accordingly is of the view that these will not have any material financial impact on the subsidiary company and there is a strong case that it can be successfully defended.

- xv. In case of LPL, the Subsidiary Company entered into a Power Purchase Agreement ("PPA") with PTC India Ltd. (PTC) for sale of power generated from its Unit 2. PTC further signed a Power Sale Agreement ("PSA") with Haryana Power Generation Corporation Limited ("HPGCL") for sale of power purchased from the subsidiary company. The Subsidiary Company's aforesaid unit is synchronized on February 22, 2010 and the subsidiary company had started supplying "Infir power" to the Western Region Load Dispatch Centre ("WRLDC") as "Unscheduled Interchange ("UI") pending declaration of commercial operation date ("COD") due to certain technical reasons and has accounted for 'Sale of electrical energy' of ₹ 42,456.84 Lakhs for the year ended March 31, 2011 under "sale of electrical energy". HPGCL had filed a case against the subsidiary company, PTC and WRLDC to restrain the subsidiary Company from selling the contracted capacity to third party, to supply contracted power to them only, to get UI Charges for Unit 2 and to return of the amounts received by the subsidiary company against UI charges to HPGCL or adjust the same against future billing. HERC had passed an order directing HPGCL and PTC to file a petition before CERC, the competent authority. The subsidiary company has also terminated the aforesaid PPA, as PTC failed in its obligation under the PPA to obtain long term open access within the specified time which is a material breach of PTC's obligation under the PPA. The subsidiary company, thereafter, signed another PPA with Chhattisgarh State Power Trading Company Limited ("CSPTCL") for sale of 35% of the capacity in accordance with the Implementation Agreement signed by the subsidiary company with the Government of Chhattisgarh.

The subsidiary company filed an appeal and stay application with the Appellate Tribunal of Electricity ("APTEL") against the order of the HERC. The APTEL has granted a limited and conditional stay of the order and directed that 35% of the power generated from subsidiary company's unit 2 should be sold to the state of Chattisgarh and the balance power is to be sold to PTC. The management, based upon its assessment and legal advice obtained, is confident of the outcome of the matter in its favour and accordingly is of the view that this will not have any material financial impact on the subsidiary company and there is a strong case that it can be successfully defended.

- xvi. In case of LPL, pending notification of Central Electricity Regulatory Commission Tariff Orders for 2009-14 for certain assets commissioned and put in to commercial operation since April 2009, Power Grid Corporation of India Limited has levied transmission charges for certain regions on a provisional basis based on 2008-09 tariff.

Accordingly, provision aggregating to ₹ 133.61 Lakhs (Previous Year: ₹Nil) has been accrued on the basis of such provisional bills, as actual amounts payable will be determinable only upon notification of Central Electricity Regulatory Commission Tariff Orders for 2009-14. The management is of the view that there will not be any material difference between final demand and provisional demand.

- xvii. In case of VHEPL, pursuant to order No. 45/5/2010-CL-III dated November 22, 2010, from the Ministry of Corporate Affairs, Government of India, the VHEPL has changed the applicable Depreciation rates on Hydraulic Works and Plant & Machinery from 5.28% PA to 2.714% PA. The revised rates are implicated with retrospective effect from April 01, 2009. The difference is estimated at for ₹ 156.70 Lakhs. The amount is credited to Depreciation Charges of the period and is subsequently reduced from the block of accumulated depreciation.
- xviii. In case of VHEPL, it has received Capital Subsidy of ₹ 375.00 Lakhs for setting up 5 MW IKU II SHP from Ministry of New and Renewable Energy (SHP Division). The amount was received on January 06, 2011 and was disbursed to the Consortium Bankers in proportion of Sanctioned Amount of Term Loan of the Project. For the amount received during the year, Accounting is made as per Accounting Standard- 12, i.e. accounting for government grant whereof the amount is reduced from the Gross Block of the capitalized assets.
- xix. In case of LHTPPL, it has obtained possession of land parcel of 100 acres at Manikonda, Hyderabad, as per the development agreement ('the agreement') dated November 06, 2006, entered into between Andhra

Pradesh Industrial Infrastructure Corporation (APIIC) and LHTPPL. The land has been obtained for developing residential and commercial space and amenities. The transfer of ownership to LHTPPL of such land is subject to the fulfillment of the commitment to develop the land as stipulated in the agreement. Accordingly to the extent of development commitment already executed by LHTPPL, proportionate land admeasuring 26.97 Acres has been transferred in favour of LHTPPL on June 22, 2010. The management is hopeful to get the balance land transferred in the favour of LHTPPL in due course.

The ownership of the land obtained as above is disputed by various parties stating that the land belongs to Dargah and consequently being administered by the Wakf Board. The disputes are presently pending before at various levels of judiciary bodies. Further, during the year, The Andhra Pradesh Wakf Tribunal ('the tribunal') passed a temporary injunction against LHTPPL and restrained LHTPPL from alienating the land. LHTPPL, in response to the temporary injunction, has filed review petitions in the High Court of Andhra Pradesh for setting aside the said injunction of the tribunal and the same is pending for hearing. The eventual outcome of the above disputes cannot be ascertained presently. The management, on the basis of an expert legal opinion, is of the view that no adjustments are required in the financial statements in respect of such disputes.

- xx. In case of LHTPPL, as per its business plan, of the total 100 acres allotted, land admeasuring 13.56 acres had been earmarked for the development of residential properties, land admeasuring 29.08 acres has been earmarked for Special Economic Zone (SEZ) and land admeasuring 4.10 has been earmarked for Club house and shopping street. The balance land admeasuring 53.26 acres approximately will be classified under fixed assets, investment properties and inventories, as the case may be, based on ultimate end use pattern as per final business plan of the subsidiary company. Pending such reclassification the cost incurred on development of projects is included under the head "Development works in progress."
- xxi. In case of LHTPPL, consequent to change in the business plan of the subsidiary company during the year, cost of land admeasuring 4.10 acres costing ₹ 1,810.36 (Previous year: ₹ 1,810.36) Lakhs earmarked for clubhouse and shopping street has been capitalized as part of fixed assets. Further, capital expenditure incurred till March 31, 2010 on development of such clubhouse and shopping street aggregating to ₹ 6,766.43 Lakhs, has been transferred to Capital Work in Progress. Hitherto, till previous year, such cost of land and capital expenditure incurred, had been grouped under 'Construction / Development Work in Progress.'

- xxii. During the year two subsidiaries of the group capitalized their respective power plants. The details of the same are set out below:

(₹ in Lakhs)

Name of Company	Date of Capitalisation	Expenditure Capitalised
LKPL	Unit II - August 01, 2010	42,459.87
VIPL	Upper Khauli - December 29, 2010	4,679.00

- xxiii. Managerial Remuneration paid in case of the subsidiaries, LTHPPL and LSPL, 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 ₹ 4.25 Lakhs and ₹223.11 Lakhs respectively.

These subsidiary companies have sought approval of Central Government for increased remuneration paid to the Whole time Directors and the same are awaited.

- xxiv. In respect of Associates in Construction Stage, the group has conducted a detailed review of all expenditure incurred during the construction stage and identified the expenditure which are not directly related to construction activity. The share of the expenditure to the extent of the company's interest in those associates is ₹ 50.91 (Previous year - ₹ 811.14) Lakhs recognized as loss of associates in the profit and loss account as per Equity method of AS - 23 'Accounting for Investments in Associates in Consolidated Financial Statements'.

- xxv. The Ministry of Corporate Affairs, Government of India 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, LKPL, LPL, LVTPPL, LHTPPL, LTPCL and HPPL have exercised the option of recognizing the exchange differences, in respect of accounting periods commencing on or after 7th December, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset / capital work in progress, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

The company and other subsidiaries within the group have not adopted the above option and the aforesaid exchange differences have been credited / debited to profit and loss account.

- xxvi. Duty Drawback claims recognized during the year ₹ 21,445.19 (Previous Year: ₹ 26,919.60) Lakhs as deduction from the construction material consumed.

- xxvii. During the year the Company entered into a binding agreement to acquire the Griffin Coal Mining Pty. Ltd. (GCMPL) and Carpenter Mine Management Pty. Ltd. (CMMPL). The Management has taken over the control of GCMPL and CMMPL through its subsidiary Lanco Resources International Pte Limited (LRIPL) and step down subsidiary Lanco Resources Australia Pty Limited (LRAPL) on February 28, 2011 after completion of the transaction. Since GCMPL and CMMPL had been "Under Administration", the audit of the financial statements of these subsidiary companies has not been undertaken for the period subsequent to June 30, 2008. The process of completion of audits of these financial statements is presently under progress. Accordingly total assets of ₹ 5,50,443.34 Lakhs and total liabilities ₹ 4,50,968.96 Lakhs, Income from operations of ₹ 13,370.24 Lakhs, Net Profit of ₹ 2,830.83 Lakhs and cash flows amounting to ₹ 21,800.66 Lakhs in relation to the above subsidiaries have been taken from consolidated accounts prepared by the management in relation to GCMPL, CMMPL, LRIPL & LRAPL.

- xxviii. Amounts paid to Associates and other companies, towards share application money, to the extent not refunded / allotted, have been considered as Advance for Investment in Schedule 14 of the financial statements and will be adjusted on the allotment.

- xxix. 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 - xxxviii (b) of Schedule 21. 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, LAnPL and LBPL, 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 company has made investment of ₹ 12,208.94 Lakhs as Equity Shares and ₹ 2,56,895.57 Lakhs as Preference Shares and made advance for share application of ₹ 62,370.40 Lakhs and Loans Receivable of ₹ 15,400 Lakhs to these associates and intermediate companies.

The management based upon forecast and financial closure of the underlying projects being undertaken for these associates believes that these balances are fully recoverable and no provision is required against these balances.

xxx. The long-term unquoted investments in shares of subsidiary companies and associates as given hereunder and included in Schedule 9 are pledged with banks and financial institutions who have extended loan facilities to the respective investee companies.

Sr. No.	Investee Company	No. of Shares pledged	
		2011	2010
Subsidiary Companies			
1	Lanco Tanjore Power Company Limited - Equity Shares (Formerly Aban Power Company Limited)	1,94,30,268	4,97,48,868
2	Lanco Power Limited - Equity Shares (Formerly Lanco Amarkantak Power Limited)	54,28,12,437	38,21,36,150
3	Lanco Budhil Hydro Power Private Limited - Equity Shares (Formerly Lanco Green Power Private Limited)	2,52,50,000	2,52,50,000
4	Lanco Kondapalli Power Private Limited - Equity Shares @	12,75,77,300	12,75,77,300
5	Lanco Teesta Hydro Power Private Limited - Equity Shares (Formerly Lanco Energy Private Limited)	71,88,210	71,88,210
6	Lanco Vidharbha Thermal Power Limited - Equity Shares (Formerly Lanco Vidarbha Thermal Power Private Limited)	10,25,355	-
7	Lanco Solar Private Limited# - Equity Shares	14,62,79,800	-
8	Lanco Mandakini Hydro Energies Private Limited* - Equity Shares (Formerly Lanco Hydro Energies Private Limited)	3,99,99,800	3,99,99,800
9	Vamshi Industrial Power Limited* - Equity Shares	73,33,800	73,33,800
10	Vamshi Hydro Energies Private Limited* - Equity Shares	70,89,000	70,89,000
Associates			
1	Udupi Power Corporation Limited - Equity Shares	2,25,00,000	2,25,00,000
2	Udupi Power Corporation Limited - Preference Shares	55,21,52,448	53,21,52,448
3	Lanco Anpara Power Limited - Equity Shares	7,742	7,742
4	Lanco Anpara Power Limited - Preference Shares	42,00,00,000	33,00,00,000
5	Lanco Hoskote Highways Private Limited - Equity Shares	5,02,82,600	2,60,02,600
6	Lanco Devihalli Highways Private Limited - Equity Shares	4,59,12,600	1,04,02,600
7	Lanco Babandh Power Private Limited - Equity Shares	2,60,000	-
8	Lanco Babandh Power Private Limited - Preference Shares	10,00,00,000	-

*Subsidiaries of Lanco Hydro Power Ventures Private Limited

#Subsidiary of Lanco Solar Energy Private Limited

@ Out of total 12,75,77,300 Equity Shares of Lanco Kondapalli Power Private Limited, 1,23,17,300 shares (Previous Year: 1,23,17,300) were pledged for the purpose of availing loan facilities by Lanco Infratech Limited.

xxx. Employee Benefits

(a) Defined Benefit Plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. In certain subsidiaries the scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summarizes the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet for the respective plans.

(₹ in Lakhs)

Particulars	Gratuity	
	2011	2010
Projected benefits obligation at the beginning of the year (As at April 01)	954.69	503.50
Current service cost	676.45	345.50
Interest cost	73.58	38.40
Actuarial loss / (gain)	(47.21)	93.61
Benefits paid	(6.98)	(26.32)
Projected benefit obligation at the end of the period (As at March 31)	1,650.53	954.69
Change in Plan Assets		
Fair Value of plan assets as at the beginning of the year	78.88	64.85
Expected return on plan assets	7.51	5.92
Contributions	23.51	8.32
Benefits paid	(16.17)	(0.60)
Actuarial gain/(loss) on plan assets	(3.00)	0.39
Fair Value of plan assets as at the year end	90.73	78.88
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	1,650.53	954.69
Fair value of plan assets at end of the period	90.73	78.88
Plan - (assets) /liability	1,559.81	875.81
(Assets)/Liability recognized in the balance sheet	1,559.81	875.81
Cost for the year		
Current service cost	676.45	345.50
Interest cost	73.58	38.40
Expected return on plan assets	(7.51)	(5.90)
Net actuarial (gain)/loss recognized in the year	(44.21)	89.60
Net Cost	698.31	467.60
Investment details of the plan assets		
Investment with Insurer	100%	100%
Assumptions		
Discount Rate (%)	8.07%	7.50%
Estimated Rate of Return on Plan Assets	9.00%	8.50%
Attrition Rate	19.00%	16.00%
Expected average remaining service (in years)	4.05	4.60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The provision for compensated absences as per actuarial valuation as at March 31, 2011 is ₹ 4,981.12 (Previous Year ₹ 3,094.77) Lakhs.

(b) Defined Contribution Plans:

In respect of the defined contribution plan (Provident Fund), an amount of ₹ 1,395.37 (Previous year: ₹ 925.71) Lakhs has been recognized as expenditure in the Profit and Loss Account / Capital Work in Progress.

(c) Other Employee Benefits

During the year the group has provided retention bonus of ₹ 1,154.93 (Previous Year: ₹ 16.05) Lakhs.

xxxii. Forward Contracts

- a) The particulars of Forward Contracts entered into for hedging purposes outstanding as of Balance Sheet date are as under:

(Amount in Lakhs)

Category of derivative instrument	Amount of exposure hedged	
	As at March 31, 2011	As at March 31, 2010
For hedging expected future sales (Sell)	USD 97.50 (₹ 4,353.38)	USD 70.00 (₹ 3,159.80)
Interest Rate Swaps	USD 1,100.00 (₹ 49,115.00)	USD 1,100.00 (₹ 49,654.00)
Forward Cover for foreign currency creditors (Buy)	-	Euro 6.64 (₹ 402.10)

- b) Forward cover for firm commitments or highly probable forecast transaction as of Balance Sheet date is ₹ 3,57,450.04 (Previous Year: ₹ 20,313.00) Lakhs:

(Amount in Lakhs)

Category of derivative instrument	Amount of exposure hedged	
	As at March 31, 2011	As at March 31, 2010
Firm commitment and Highly Probable Transactions	USD 8,005.60 (₹ 3,57,450.04)	USD 450.00 (₹ 20,313.00)

- c) Foreign Currency Exposures (net) that are not hedged by derivative instruments or otherwise is ₹ 4,12,873.63 (Previous Year: ₹ 3,27,749.37) Lakhs:

(Amount in Lakhs)

Particulars	Currency Type	2011			2010		
		Amount in Foreign Currency	Exchange Rate	Amount in INR	Amount in Foreign Currency	Exchange Rate	Amount in INR
Sundry Creditors	USD	4,907.66	44.65	219,127.12	6,739.48	45.14	304,220.37
	GBP	0.02	71.93	1.21	0.18	68.03	12.23
	EURO	1.66	63.24	104.98	11.95	60.56	723.52
	CHF	-	-	-	1.66	60.56	100.53
Buyers Credit	USD	1,294.38	44.65	57,794.12	250.67	45.14	11,315.31
	EURO	84.83	63.24	5,364.51	84.83	60.56	5,137.17
	CHF	13.65	48.71	664.89	-	-	-
Secured Loans including interest	USD	1,126.26	44.65	50,287.77	1,125.82	45.14	50,819.32
Advance from Customers	USD	5,433.14	44.65	242,589.52	22.14	45.14	999.44
Sundry Debtors	USD	939.60	44.65	41,953.12	614.46	45.14	27,736.61
Advance to Supplier	USD	2,711.08	44.65	121,049.58	304.64	45.14	13,751.35
	Yuan	-	-	-	0.51	5.65	2.86
	GBP	-	-	-	0.13	68.03	8.90
	EURO	0.91	63.24	57.79	-	-	-
Loans Receivable	USD	-	-	-	90.36	45.14	4,078.80

xxiii. 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.

(₹ in Lakhs)		
Name of Subsidiary	2011	2010
Lanco Power Limited (LPL)	-	43,244.25
Lanco Kondapalli Power Limited (LKPL)	2,249.91	5,686.00
Vamshi Hydro Energy Private Limited (VHEPL)	-	549.00
Vamshi Industrial Power Limited (VIPL)	683.53	716.00
	2,933.44	50,195.25

xxiv. Leases :
(i) Operating Lease
In case of assets taken on lease

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 long-term non-cancellable operating leases payable as per the agreements are as follows:

(₹ in Lakhs)		
Particulars	2011	2010
Lease Rentals under cancellable leases	1,581.00	893.50
Lease Rentals under non-cancellable leases	2,212.84	1,189.20
Obligations on non-cancellable leases:		
Not later than one year	2,518.99	1,220.50
Later than one year and not later than five years	3,772.24	783.10
Later than five years	278.21	11.50

There are no Contingent Rents in the lease agreement. The lease term is for 1 - 5 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements (other than those disclosed above). There are no restrictions imposed by lease arrangements.

In case of assets given on lease

The group has leased out building, furniture & fixtures on operating lease. The lease term is for 11 months and thereafter renewable. There are no restrictions imposed by lease arrangements.

Future minimum lease payments receivable

(₹ in Lakhs)		
Particulars	2011	2010
Not later than one year	9.57	9.71

(ii) Finance Lease

Assets acquired on finance lease mainly comprise Plant & Machinery which are used specifically for mining activities.

The minimum lease rentals payable for the assets acquired under Finance Lease agreement and the present value of these rentals as at March 31, 2011 are as under:-

(₹ in Lakhs)		2011
Total Minimum Lease Payments at the end of year		32,736.34
Less : Amount representing Finance Charge		300.75
Present Value of Minimum Lease Payments		32,435.59
Minimum Lease Payments:		
Not Later than One year (Present Value ₹ 11,050.22 Lakhs)		11,050.22
Later than One year but not Later than Five year (Present Value ₹ 21,385.37 Lakhs)		21,686.12
Later than Five year (Present Value ₹ NIL)		Nil

xxv. Calculation of EPS- (Basic and Diluted)

Particulars		2011	2010
Net Profit available for Equity Share Holders (₹ in Lakhs)	A	44,606.88	45,855.02
Weighted average number of Equity Shares for Basic EPS	B	2,32,24,70,087	2,24,15,25,934
Add: Adjustment for outstanding options under ESOP		2,40,09,164	2,65,02,672
Weighted Average number of Equity shares for Diluted EPS	C	2,34,64,79,251	2,26,80,28,606
Nominal value for share		₹ 1	₹ 1
Basic EPS (₹)	A/B	1.92	2.05
Diluted EPS (₹)	A/C	1.90	2.02

xxvi. Employee Stock Option Scheme:

The Group has thus far allotted 1,11,18,096 (previous year 1,11,18,096) equity shares of ₹ 10 each to LCL Foundation (ESOP - Trust) towards the Employee Stock option plan 2006 (The Plan) which was formulated by the group. 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 ₹ 10 each into 10 equity shares of ₹ 1 each in the previous year, the number of shares allotted to the trust and the options granted, forfeited, exercised are disclosed at ₹ 1 each.

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

Particulars	March 31, 2011		March 31, 2010	
	No. of Shares	Weighted Average Exercise Price(₹)	No. of Shares	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	5,33,40,420	0.243	7,58,31,150	0.243
Granted during the year	1,16,96,495	0.243	92,42,090	0.243
Forfeited during the year	51,18,210	-	1,30,08,450	-
Exercised during the year	1,09,35,442	0.243	1,87,24,370	0.243
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,89,83,263	0.243	5,33,40,420	0.243
Exercisable at the end of the year	84,72,738	0.243	51,73,210	0.243

The weighted average share price for the period over which stock options were exercised was ₹ 59.91 (Previous Year: ₹ 50.44).

The details of exercise price for stock options outstanding at the end of the year are:

March 31,2011				
Grant No./ Grant Date	Range of exercise prices (₹)	Number of Options Outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Grant 1 (24.06.2006)	0.243	2,11,500	1.23	0.243
Grant 2 (02.07.2007)	0.243	2,08,16,010	2.25	0.243
Grant 3 (26.09.2007)	0.243	11,03,080	2.49	0.243
Grant 4 (24.04.2008)	0.243	31,67,000	3.07	0.243
Grant 5 (04.07.2008)	0.243	57,44,980	3.26	0.243
Grant 6 (01.11.2008)	0.243	6,11,190	3.59	0.243
Grant 7 (19.02.2009)	0.243	4,40,060	3.89	0.243
Grant 8 (29.07.2009)	0.243	52,36,567	4.33	0.243
Grant 9 (27.01.2010)	0.243	14,99,620	4.83	0.243
Grant 10 (30.04.2010)	0.243	11,10,435	5.08	0.243
Grant 11 (13.08.2010)	0.243	82,28,240	5.37	0.243
Grant 12 (12.11.2010)	0.243	8,14,580	5.62	0.243

March 31,2010				
Grant No./ Grant Date	Range of exercise prices (₹)	Number of Options Outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Grant 1 (24.06.2006)	0.243	4,02,120	2.23	0.243
Grant 2 (02.07.2007)	0.243	2,64,15,800	3.25	0.243
Grant 3 (26.09.2007)	0.243	19,63,050	3.49	0.243
Grant 4 (24.04.2008)	0.243	44,48,470	4.07	0.243
Grant 5 (04.07.2008)	0.243	91,93,130	4.26	0.243
Grant 6 (01.11.2008)	0.243	10,44,390	4.59	0.243
Grant 7 (19.02.2009)	0.243	7,34,900	4.89	0.243
Grant 8 (29.07.2009)	0.243	74,97,350	5.33	0.243
Grant 9 (27.01.2010)	0.243	16,41,210	5.83	0.243

The Group 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 Group and is recognised as deferred stock compensation cost and is amortised on a straight line basis over the vesting period of the options.

The group is using Black Sholes Model for calculating fair values of ESOP granted for determining impact of the fair value method

of accounting of employee compensation in financial statement, the impact on net income and earnings per share is provided below:

	(₹ in Lakhs)	
	Year ended March 31, 2011	Year ended March 31, 2010
Net Income - As reported	44,606.88	45,854.90
Add: ESOP Cost under Intrinsic Value Method	3,842.97	5,494.20
Less: ESOP Cost under Fair Value Method (Black Scholes)	3,853.15	5,534.20
Net Income - Proforma	44,596.70	45,814.90
Earnings per Share:		
Basic - As reported (₹)	1.92	2.05
- Proforma (₹)	1.92	2.04
Diluted - As reported (₹)	1.90	2.02
- Proforma (₹)	1.90	2.02

The weighted average fair value of stock options granted during the year was ₹ 66.08 (Previous Year ₹ 41.66) of share of ₹ 1 each.

Assumptions:

	2011	2010
Weighted average share price (in ₹)	59.91	50.44
Exercise Price (in ₹)	0.243	0.243
Expected Volatility	30%	30%
Historical Volatility	30%	30%
Life of the options granted (Vesting and exercise period) in years	6	6
Expected dividends (in ₹)	Nil	Nil
Average risk-free interest rate	8%	8%
Expected dividend rate	Nil	Nil

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

xxxvii. Segment Reporting:

- a) The segment report of LITL and its subsidiaries (the Group) has been prepared in accordance with Accounting Standard 17 "Segment Reporting" as notified under section 211(3C) of the Companies Act.
- b) The Group is currently focused on five business segments: EPC and Construction, Power, Property Development, Resources, Infrastructure and Other Infrastructure Development.
- c) In respect of secondary segment information, the Group has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.
- d) The business segments of the Group comprises of the following:

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

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

Sr. No.	Segment wise Name of Companies		
1	EPC and Construction		
	1	Lanco Infratech Limited	3 Lanco Enterprise Pte Limited (China)
	2	Lanco International Pte Limited	
2	Power		
	1	Lanco Kondapalli Power Limited	22 Amrutha Power Private Limited
	2	Lanco Tanjore Power Company Limited	23 Spire Rotor Private Limited
	3	Regulus Power Private Limited	24 JH Patel Power Project Private Limited
	4	Arneb Power Private Limited	25 National Energy Trading and Services Limited
	5	Lanco Power Limited	26 Lanco Solar International Pte. Limited
	6	Lanco Vidarbha Thermal Power Limited	27 Lanco Power International Pte. Limited (Singapore)
	7	Himavat Power Private Limited	28 Green Solar SRL
	8	Lanco Teesta Hydro Power Private Limited	29 Lanco Solar International Limited (UK)
	9	Lanco Budhil Hydro Power Private Limited	30 Lanco Solar International USA Inc.
	10	Lanco Hydro Power Ventures Private Limited	31 Lanco Solar Project Development S.L.U - Spain
	11	Lanco Mandakini Hydro Energy Private Limited	32 Lanco Solar Holding Netherland B.V.
	12	Vamshi Industrial Power Limited	33 Lanco Italy PV 1
	13	Vamshi Hydro Energies Private Limited	34 Lanco Italy PV 2
	14	Bhanu Solar Projects Private Limited	35 Lanco Rocky Face Land Holdings LLC (USA)
	15	Diwakar Solar Projects Private Limited	36 Lanco Tracy City Land Holdings LLC (USA)
	16	Lanco Solar Energy Private Limited	37 Lanco North Park Land Holdings One LLC (USA)
	17	Lanco Solar Private Limited	38 Lanco North Park Land Holdings Two LLC (USA)
	18	Khaya Solar Projects Private Limited	39 Lanco Solar Services Private Limited
	19	Lanco Spain PV1	40 Apricus S.R.L
	20	Inversion Solar Andalucia 14 S.L.U - Spain	41 Lanco Infratech Limited
	21	Lanco Wind Power Private Limited	
3	Property Development		
	1	Lanco Hills Technology Park Private Limited	8 Leda Properties Private Limited
	2	Cordelia Properties Private Limited	9 Coral Orchids Private Limited
	3	Deimos Properties Private Limited	10 Thebe Properties Private Limited
	4	Dione Properties Private Limited	11 Cressida Properties Private Limited
	5	Neptune Projects Private Limited	12 Uranus Projects Private Limited
	6	Pearl Farms Private Limited	13 Jupiter Infratech Private Limited
	7	Telesto Properties Private Limited	14 Uranus Infratech Private Limited
4	Infrastructure		
	1	Lanco Infratech Limited	3 Mercury Projects Private Limited
	2	Lanco Kanpur Highways Limited	
5	Resources		
	1	Lanco Resources International Pte Limited	3 The Griffin Coal Mining Company Pty Ltd.
	2	Lanco Resources Australia Pty Limited	4 Carpenter Mine Management Pty Ltd.
6	Others		
	1	LE New York - LLC	4 Lanco Infratech (Mauritius) Limited
	2	Lanco Holding Netherland B.V	5 P T Lanco Indonesia Energy
	3	Lanco Energy Africa	

(₹ in Lakhs)

f) The details of primary segment information for the year ended March 31, 2011 and March 31, 2010 are given below:

Business Segments	EPC and Construction		Power		Property Development		Infrastructure		Resources		Unallocable		Eliminations		Total		
	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	
Revenue																	
External Customers	274,502.71	460,069.90	494,522.44	361,713.84	16,728.14	(2,000.55)	-	-	13,370.24	-	1,317.72	3,581.10			800,441.25	823,364.29	
Inter Segment Revenue	321,667.15	125,630.48	-	-	-	-	-	-	-	-	4,411.11	4,289.00	(326,078.26)	(129,919.48)	-	-	-
Total Revenues	596,169.86	585,700.38	494,522.44	361,713.84	16,728.14	(2,000.55)	-	-	13,370.24	-	5,728.83	7,870.10	(326,078.26)	(129,919.48)	800,441.25	823,364.29	
Segment Result*	33,564.72	76,907.51	103,075.58	42,906.41	(321.66)	(4,094.46)	-	-	1,857.25	-	(5,462.24)	(2,762.13)	-	-	132,713.65	112,957.33	
Unallocated Interest Expenses	-	-	-	-	-	-	-	-	-	-	32,518.37	17,974.51			32,518.37	17,974.51	
Unallocated Other Income	-	-	-	-	-	-	-	-	-	-	3,752.50	5,785.67			3,752.50	5,785.67	
Profit / (Loss) before Tax	33,564.72	76,907.51	103,075.58	42,906.41	(321.66)	(4,094.46)	-	-	1,857.25	-	(34,228.11)	(14,950.97)	-	-	103,947.78	100,768.49	
Provision for Current Tax															31,875.91	28,146.19	
Provision for Deferred Tax															6,619.99	8,282.21	
Net Profit / (Loss) after Taxation															65,451.88	64,340.09	
Other Information																	
Segment Asset	553,449.05	394,962.85	1,549,244.00	898,177.74	189,468.21	180,353.83	46,077.66	49,791.81	550,443.34	-	24,779.20	79,220.89	-	-	2,913,461.46	1,602,507.12	
Segment Liabilities	594,232.59	246,100.12	838,774.56	526,508.88	153,404.22	154,246.25	780.39	0.13	450,968.96	-	328,455.69	270,092.22	-	-	2,366,616.41	1,196,947.60	
Capital Expenditure	38,029.13	10,586.90	335,147.88	180,165.20	14,974.51	6,489.25	43.88	101.13	-	-	4.34	-	-	-	388,199.74	197,342.48	
Depreciation / Amortisation	6,880.26	5,689.70	26,768.40	28,750.45	336.31	343.07	-	-	1,380.50	-	7.94	4.68	-	-	35,373.41	34,787.90	
Other Non Cash Expenses	4,450.54	3,782.20	106.39	2,105.53	50.75	32.13	-	-	-	-	-	-	-	-	4,607.68	5,919.86	

g) The details of secondary segment information for the year ended March 31, 2011 and March 31, 2010 are given below:

Geographical Segments	Domestic		Overseas		Total	
	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010
Particulars						
External Revenue by Location of Customer	787,071.01	823,364.29	13,370.24	-	800,441.25	823,364.29
Carrying Amount of Segment Assets by Location of Assets	2,234,876.48	1,588,707.62	678,584.98	13,799.50	2,913,461.46	1,602,507.12
Capital Expenditure	387,950.86	197,241.35	248.88	101.13	388,199.74	197,342.48

*Arrived after considering the identified interest expenses segment wise

xxxviii. Related party transactions**a) Names of the related parties and description of relationship:**

Relation	Sr. No.	Related Party Name
Key Management Personnel and their Relatives	1	Sri L. Madhusudhan Rao (Chairman) (LMR)
	2	Sri G. Bhaskara Rao (Vice Chairman) (GBR)
	3	Sri L. Sridhar (Brother of LMR) (LS)
	4	Smt. L. Rajya Lakshmi (Spouse of LMR)
	5	Smt. G. Padmavathi (Spouse of GBR)
	6	Smt. L. Sirisha (Spouse of LS) (Ms. LS)
	7	Sri G. Avinash (Son of GBR)
	8	Sri G. Venkatesh Babu (Managing Director) (GVB)
	9	Sri. S. C. Manocha (Whole Time Director) (SCM)
Enterprises where Significant Influence Exists	1	Udupi Power Corporation Limited (UPCL)
	2	Lanco Hoskote Highway Private Limited (LHHPL)
	3	Lanco Devihalli Highways Private Limited (LDHPL)
	4	Ananke Properties Private Limited (AnPPL)
	5	Bianca Properties Private Limited (BiPPL)
	6	Belinda Properties Private Limited (BePPL)
	7	Tethys Properties Private Limited (TPPL)
	8	Portia Properties Private Limited (PPPL)
	9	Lanco Anpara Power Limited (LAnPL)
	10	Lanco Babandh Power Limited (LBPL)
	11	Charon Trading Private Limited (CTPL)
	12	Mimas Trading Private Limited (MTPL)
	13	Phoebe Trading Private Limited (PTPL)
	14	Bay of Bengal Gateway Terminal Private Limited (BBGTPL)
	15	Avior Power Private Limited (Formerly Chobia Hydro Power Private Limited (AvPPL))
	16	Mirach Power Private Limited (Formerly Dharmasala Hydro Power Private Limited (MiPPL))
	17	Pragdisa Power Private Limited (PrPPL)
	18	Vainateya Power Private Limited (VPPL)
	19	Basava Power Private Limited (Formerly Jubilee Hydro Power Private Limited (BPPL))
	20	Siddheswara Power Private Limited (Formerly Diyothal Hydro Power Private Limited (SiPPL))
	21	Genting Lanco Power (India) Private Limited (GLPIPL)
	22	DDE Renewable Energy Private Limited (DREPL)
	23	Electromech Maritech Private Limited (EMPL)
	24	Unique Corporate Consultants Private Limited (UCCPL)
Enterprises where key Management Personnel have Significant Influence	1	Lanfin Ventures Private Limited (LVPL)
	2	Lanco Horizon Properties Private Limited (LHPPL)
	3	Lanco Group Limited (LGL)
	4	S.V. Contractors (SVC)
	5	Lanco Foundation (LF) (Formerly Lanco Institute of General Humanitarian Trust)
	6	Lanco Bay Technology Park Private Limited (LBTPL)
	7	Lanco Operation & Maintenance Company Private Limited (Formerly Sigma Powertech Services Private Limited (LOMPL))
	8	Lanco Rani Joint Venture (LR)
	9	Nekkar Power Private Limited (NePPL) (Formerly Chamba Hydro Power Private Limited)
	10	Orion Solar Projects Private Limited (OrsPPL)
	11	Sabitha Solar Projects Private Limited (SSPPL)

(₹ in Lakhs)

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

Nature of Transaction	2011				2010			
	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	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence
Rent Received	-	-	-	-	LHPPL	-	LHPPL	15.60
Contract Services Rendered	LAnPL 90,283.30 LBPL 45,199.49 UPCL 34,140.10 OTHERS 22,044.50	LR 35.99	-	UPCL 162,691.91 LAnPL 190,411.19 OTHERS 30,089.90	-	-	-	-
	191,667.39	35.99	-	383,193.00	-	-	-	-
Contract Services / Shared Services Provided	LAnPL 83.60 LBPL 83.60	LOMPL 10.45	-	LAnPL 80.20 LBPL 79.66	-	-	-	-
	167.20	10.45	-	159.86	-	-	-	-
O & M Services Availed	GLPIPL 2,049.77	-	-	GLPIPL 1,317.70	-	-	-	-
	2,049.77	-	-	1,317.70	-	-	-	-
Interest Paid / (Received)	UPCL 3,062.47 LBPL (502.41)	-	-	UPCL 2,437.05 LBPL (1,328.59)	-	-	-	-
	2,560.06	-	-	1,108.46	-	-	-	-
Donations Paid	-	LF 775.34	-	-	LF 337.50	-	-	-
Managerial Remuneration	-	-	LMR 379.61 GBR 417.64 GVB 584.43 SCM 211.96	-	-	LMR 359.48 GBR 330.53 GVB 419.35 DVR 62.50	-	1,171.86
	-	-	1,593.64	-	-	-	-	-
Sitting Fee	-	-	LS 1.80 LMR 0.40 GBR 0.60	-	-	LS 1.80 LMR 0.80 GBR 1.60	-	4.20
	-	-	2.80	-	-	-	-	-
Purchase / (Sale) of Shares	LBPL 12,100.00 OTHERS 0.52	-	GBR 2.53 LS 2.14 OTHER 3.07	UPCL 14,665.00 LAnPL 26,596.00 OTHERS 5,980.04	LHPPL 7,204.42	-	-	-
	12,100.52	-	7.74	47,241.04	7,204.42	-	-	-

(₹ in Lakhs)

Nature of Transaction	2011			2010		
	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 Paid during the year	UPCL 72,500.00 LBPL 56,518.00 LAnPL 50,300.00 AnPPL 32,783.80 PrPPL 31,605.00 VPPL 30,526.00 OTHERS 3,076.47 277,309.27	LHPPPL 31.24 NePPL 10.00 OrSPPL 31.00 - - - - 72.24	- - - - - - - -	LAnPL 25,525.00 UPCL 11,665.00 LBPL 10,695.00 OTHERS 24,355.00 72,240.00	LHPPPL 152.42 LVPL 20.00 LGL 8,420.00 - - - - 8,592.42	- - - - - - - -
Share Application Money Refunded during the year	LBPL 8,400.00 LHHPL 1,000.00 PrPPL 211.00 9,611.00	LVPL 20.00 - - 20.00	- - - -	LDHPL 10,040.00 LHHPL 6,800.10 - 16,840.10	- - - -	- - - -
Management Consultancy Fee Charged	UPCL 280.00 LHHPL 153.41 LDHPL 127.68 561.09	- - - 20.00	- - - -	LBPL 3,300.00 LHHPL 153.41 LDHPL 127.68 3,581.09	- - - -	- - - -
Works Contract Expense	UPCL 225.29 225.29	- -	- -	UPCL 22,758.12 22,758.12	- -	- -
Others Expenses (Income)	UPCL 141.17 LAnPL 131.14 LBPL 42.09 OTHERS 10.12 324.52	LBTPL 1.36 LOMPL (17.28) LOMPL 319.87 - 303.95	- - - -	UPCL 90.87 OTHERS (2.16) - - 88.71	- - - - LF 0.20 0.20	- - - - -
Sales of Goods	- -	- -	- -	- -	- -	- -
Loan and Advances Given / (Taken) during the year	DREPL (1,500.00) EMPL (1,500.00) (3,000.00)	- - -	- - -	UPCL (20,000.00) (20,000.00)	SVC 10.92 OTHERS 8.50 19.42	- - -
Purchase of Fixed Assets	LBPL 10.82 UPCL 18.89 29.71	LGL 18.61 - 18.61	- - -	LBPL 33.21 - 33.21	- - -	- - -

Nature of Transaction	2011				2010			
	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	Enterprises where Significant Influence Exists	Enterprises where Key Management Personnel have Significant Influence
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Sale of Fixed Assets	LBPL 10.03 UPCL 0.37 10.40	LOMPL 23.02 23.02	- - -	LHHPL 11.51 OTHERS 5.10 16.61	- - -	DVR 33.17 33.17	- - -	- - -
Corporate Guarantee Given to Bank / FI on Behalf of Related Parties	UPCL 398,066.00 OTHERS 58,052.00 456,118.00	- - -	- - -	UPCL 337,729.90 LBPL 25,000.00 LDHPL 1,325.00 364,054.90	- - -	- - -	- - -	- - -
Balance Receivable at the year end - Share Application Money	LAnPL 32,825.00 PrPPL 31,395.00 VPPL 30,529.10 LBPL 28,545.40 SIPPL 15.00 OTHERS 14,647.78 137,957.28	LHPPL 16.50 NePPL 10.00 CaPTL 3.00 OySPPL 31.00 SSPPL 27.60 - - 88.10	- - - - - - -	LBPL 18,295.00 TPPL 5,378.40 PPPL 3,278.70 APPL 5,478.40 BePPL 5,428.40 BiPPL 5,478.40 OTHERS 866.20 44,203.50	LGL 15,401.40 OTHERS 613.00 - - - - - 16,014.40	- - - - - - -	- - - - - - -	- - - - - - -
Balance Receivable at the year end - Inter Corporate Deposits	LBPL 15,400.00 15,400.00	- -	- -	LBPL 12,100.00 12,100.00	- -	- -	- -	- -
Balance Receivable at the year end - Loans	- -	- -	- -	LBPL 3,105.74 3,105.74	LHPPL 0.40 0.40	- -	- -	- -
Balance Receivable at the year end - Others (Debtors and Other Advances)	UPCL 60,921.61 LAnPL 33,203.91 LBPL 27,060.98 OTHERS 2,138.34 123,324.84	LR 664.93 LCL 206.12 OTHERS 146.86 - 1,017.91	GVB 6.39 SCM 2.46 - - 8.85	LAnPL 21,032.25 UPCL 87,879.52 OTHERS 8,432.50 - 117,344.27	OTHERS 120.90 - - - 120.90	- - - - 120.90	- - - - 120.90	- - - - 120.90

Nature of Transaction	2011			2010		
	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
Balance Payable at the year end - Inter Corporate Deposits	UPCL (20,000.00)	-	-	UPCL (20,000.00)	-	-
	(20,000.00)	-	-	(20,000.00)	-	-
Balance Payable at the year end - Others	LBPL (90,835.77) LAnPL (35,254.50) PrPPL (30,167.89) UPCL (29,959.75) VPPL (28,375.69) OTHERS (1,934.38)	LR (135.54) OTHERS (13.73)	SCM (6.98)	LAnPL (29,408.72) LBPL (24,517.70) LDHPL (3,612.65) LHHPL (2,463.70) UPCL (4,744.82) LRJV (42.10)	-	GVB (57.20)
	(216,527.98)	(149.27)	(6.98)	(64,789.69)	-	(57.20)

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

As per our report of even date

For and on behalf of the Board of Directors of
Lanco Infratech Limited

For S.R. Batliboi & Associates
Firm Reg. No. 101049W
Chartered Accountants

Per Sanjay Vij
Partner
M. No. 95169
Place: Gurgaon
Date: May 29, 2011

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

per N. Sri Krishna
Partner
M. No. 26575

L. Madhusudhan Rao
Executive Chairman
DIN - 00074790

J. Suresh Kumar
Chief Financial Officer

Place: Gurgaon
Date: May 29, 2011

G. Venkatesh Babu
Managing Director
DIN - 00075079

C. Krishna Kumar
Executive Director &
Company Secretary

Statement pursuant to Section 212 of the Companies Act 1956, relating to Subsidiary Companies

Sl. No.	Subsidiary Name	Reporting Currency	Capital	Reserves	Liabilities	Total Liabilities	Total Assets	Investment (Except Investment in Subsidiaries)	Turnover	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
1	Lanco Kondapalli Power Limited	INR	34,000.07	95,994.26	216,997.25	346,991.58	346,991.58	0.04	152,913.23	39,018.31	6,809.54	32,208.77	-
2	Lanco Tanjore Power Company Limited	INR	13,182.00	27,250.11	16,678.70	57,110.81	57,110.81	3,898.51	26,004.33	8,274.77	977.13	7,297.64	-
3	Regulus Power Private Limited	INR	161.00	-0.10	5.27	166.17	166.17	-	-	-	-	-	-
4	Arneb Power Private Limited	INR	206.00	-	1.36	207.36	207.36	-	-	-	-	-	-
5	Lanco Power Limited	INR	54,882.26	43,876.85	452,019.34	550,778.45	550,778.45	-	126,964.95	53,249.69	15,738.50	37,511.19	-
6	Lanco Vidarbha Thermal Power Limited	INR	201.05	-	111,339.52	111,540.57	111,540.57	-	-	-	-	-	-
7	Himavat Power Private Limited	INR	1.00	-0.45	32,618.11	32,618.66	32,618.66	-	-	-	-	-	-
8	Lanco Teesta Hydro Power Private Limited	INR	2,396.07	-0.19	151,257.65	153,653.53	153,653.53	2,008.19	-	-	-	-	-
9	Lanco Budhil Hydro Power Private Limited	INR	8,777.00	-0.90	47,633.40	56,409.50	56,409.50	-	-	-	-	-	-
10	Lanco Hydro Power Ventures Private Limited	INR	40,705.00	20.66	96.80	40,822.46	40,822.46	20,000.00	195.00	21.76	4.04	17.72	-
11	Lanco Mandakini Hydro Energy Private Limited	INR	6,890.50	-	22,011.65	28,902.15	28,902.15	35.47	-	-	-	-	-
12	Vamshi Industrial Power Limited	INR	2,517.00	-684.14	8,310.25	10,143.11	10,143.11	-	376.29	-661.96	-	-661.96	-
13	Vamshi Hydro Energies Private Limited	INR	2,107.66	-624.35	6,282.55	7,765.86	7,765.86	-	778.68	-90.39	-	-90.39	-
14	Bhanu Solar Projects Private Limited	INR	1.00	-3.60	17.21	14.61	14.61	-	-	-3.54	-	-3.54	-
15	Diwakar Solar Projects Private Limited	INR	22,167.02	-3.35	52.63	22,216.30	22,216.30	-	-	-3.29	-	-3.29	-
16	Lanco Solar Energy Private Limited	INR	17,500.00	99.92	37,929.75	55,529.67	55,529.67	32,145.57	14,505.22	250.58	150.60	99.98	-
17	Lanco Solar Services Private Limited	INR	1.00	-4.86	4.86	1.00	1.00	-	-	-4.86	-	-4.86	-
18	Lanco Solar Private Limited	INR	14,628.00	-0.11	11,132.16	25,760.05	25,760.05	-	-	-	-	-	-
19	Khaya Solar Projects Private Limited	INR	1,550.00	-1.74	28.25	1,576.51	1,576.51	-	-	-1.68	-	-1.68	-
20	Lanco Wind Power Private Limited	INR	4,000.00	-	145.15	4,145.15	4,145.15	-	-	-	-	-	-
21	Amrutha Power Private Ltd	INR	9.90	-	65.90	75.80	75.80	-	-	-	-	-	-
22	Spire Rotor Private Ltd	INR	1.00	-	0.11	1.11	1.11	-	-	-	-	-	-
23	JH Patel Power Project Private Limited	INR	10.00	-	9.28	19.28	19.28	-	-	-	-	-	-
24	National Energy Trading and Services Limited	INR	3,652.94	3,016.92	13,261.61	19,931.47	19,931.47	-	251,977.24	2,184.78	732.76	1,452.02	-
25	Mercury Projects Private Limited	INR	20,465.13	6.87	29,258.56	49,730.56	49,730.56	0.52	-	-37.35	-	-37.35	-
26	Lanco Hills Technology Park Private Limited	INR	48,050.00	-1,839.81	158,375.24	204,585.43	204,585.43	4,274.06	16,755.52	-401.79	204.78	-606.57	-
27	Cordelia Properties Private Limited	INR	179.10	-0.10	8.37	187.37	187.37	-	-	-	-	-	-
28	Deimos Properties Private Limited	INR	348.93	-0.10	0.12	348.95	348.95	-	-	-	-	-	-
29	Dione Properties Private Limited	INR	426.49	-0.10	0.15	426.54	426.54	-	-	-	-	-	-
30	Neptune Projects Private Limited	INR	188.72	-1.77	0.12	187.07	187.07	-	-	-	-	-	-
31	Pearl Farms Private Limited	INR	421.70	-240.82	0.76	181.64	181.64	-	-	-	-	-	-
32	Teleso Properties Private Limited	INR	166.50	-0.10	0.11	166.51	166.51	-	-	-	-	-	-
33	Uranus Properties Private Limited	INR	68.49	-1.93	0.11	66.67	66.67	-	-	-	-	-	-
34	Jupiter Infotech Private Limited	INR	1.00	-0.12	147.61	148.49	148.49	-	-	-	-	-	-
35	Uranus Infotech Private Limited	INR	1.00	-0.12	130.11	130.99	130.99	-	-	-	-	-	-
36	Leda Properties Private Limited	INR	1.00	-0.08	670.11	671.03	671.03	-	-	-	-	-	-
37	Coral Orchids Private Limited	INR	1.00	-0.10	435.86	436.76	436.76	-	-	-	-	-	-
38	Thebe Properties Private Limited	INR	1.00	-0.08	1,302.11	1,303.03	1,303.03	-	-	-	-	-	-
39	Cressida Properties Private Limited	INR	1.00	-0.08	323.11	324.03	324.03	-	-	-	-	-	-
40	Lanco Kanpur Highways Limited	INR	5.00	-0.18	46.93	51.75	51.75	-	-	-	-	-	-

(₹ in Lakhs)

Statement pursuant to Section 212 of the Companies Act 1956, relating to Subsidiary Companies (Contd.)

(₹ in Lakhs)

Sl. No.	Subsidiary Name	Reporting Currency	Capital	Reserves	Liabilities	Total Liabilities	Total Assets	Investment (Except Investment in Subsidiaries)	Turnover	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
41	Lanco International Pte Limited	USD	4,469.90	8,448.68	132,245.77	145,164.35	145,164.35	-	50,055.20	9,372.14	618.13	8,754.01	-
42	Lanco Enterprise Pte Limited (China)	CNY	66.63	22.31	34.63	123.57	123.57	-	378.06	29.16	8.53	20.63	-
43	Lanco Power International Pte Limited	USD	44.81	-0.69	0.53	44.65	44.65	-	-	-0.54	-	-0.54	-
44	Lanco Solar International Pte Limited	USD	44.81	-0.72	0.53	44.63	44.63	-	-	-0.56	-	-0.56	-
45	Green Solar S.R.L	EURO	6.03	-0.15	-	5.88	5.88	-	-	-0.02	-	-0.02	-
46	Apricus S.R.L	EURO	56.29	55.25	0.12	111.65	111.65	-	-	-0.28	-	-0.28	-
47	LE New York LLC	USD	-	-43.61	1,509.12	1,465.51	1,465.51	-	-	-44.29	-	-44.29	-
48	Lanco Solar Holding Netherlands B.V	EURO	11.38	-10.67	50.38	51.09	51.09	-	-	-10.56	-	-10.56	-
49	Lanco Italy PV 2 Investment B.V	EURO	11.38	-2.83	4.23	12.78	12.78	-	-	-2.80	-	-2.80	-
50	Lanco Rocky Face Land Holdings LLC	USD	-	-	-	-	-	-	-	-	-	-	-
51	Lanco Tracy City Land Holdings LLC	USD	-	-	-	-	-	-	-	-	-	-	-
52	Lanco North Park Land Holdings One LLC	USD	-	-	-	-	-	-	-	-	-	-	-
53	Lanco North Park Land Holdings Two LLC	USD	-	-	-	-	-	-	-	-	-	-	-
54	Lanco Spain PV 1 Investment B.V	EURO	11.38	-2.83	6.13	14.68	14.68	-	-	-2.80	-	-2.80	-
55	Inversion Solar Andaluca 14 S.L.U	EURO	1.92	-0.52	0.57	1.97	1.97	-	-	-	-	-	-
56	Lanco Italy PV 1 Investment B.V	EURO	11.38	-2.83	4.23	12.78	12.78	-	-	-2.80	-	-2.80	-
57	Lanco Holding Netherlands B.V	EURO	12.19	295.88	5.96	314.03	314.03	-	-	-19.46	-	-19.46	-
58	Lanco Energy Africa (Proprietary) Limited	ZAR (Rand)	0.00	-	-	0.00	0.00	-	-	-	-	-	-
59	Lanco Solar International Ltd	GBP	1,601.17	2.04	539.74	2,142.95	2,142.95	-	-	3.27	15.18	-11.92	-
60	Lanco Solar Project Development S.L.U	EURO	1.79	-0.06	36.26	38.00	38.00	-	-	-0.16	-	-0.16	-
61	Lanco Solar International USA, Inc.	USD	0.00	133.94	41.46	175.40	175.40	-	-	-	-	-	-
62	Lanco Infratech (Mauritius) Limited	USD	451.40	-10.71	250.25	690.94	690.94	-	-	-2.37	-	-2.37	-
63	PT. Lanco Indonesia Energy	IDR	254.33	-249.97	184.20	188.56	188.56	-	-	-199.92	-40.42	-159.50	-
64	Lanco Resources International Pte Ltd.	USD	45.18	-248.45	56,059.30	55,856.04	55,856.04	-	-	-249.88	-	-249.88	-
65	Lanco Resources Australia Pty. Limited	AUD	56,312.64	4,641.84	297,242.18	358,196.65	358,196.65	-	-	4,373.82	-351.06	4,724.88	-
66	The Griffin Coal Mining Company Pty Limited	AUD	2,654.71	438,779.39	152,246.75	593,680.85	593,680.85	-	7,850.37	-3,028.42	-847.40	-2,181.02	-
67	Carpenter Mine Management Pty Limited	AUD	-	-10,552.23	120,489.82	109,937.60	109,937.60	-	6,628.22	761.73	224.87	536.86	-

1. The annual accounts of the Subsidiary Companies and the related detailed information will be made available to the investors of the Company and the subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor in the corporate office and that of the subsidiary companies concerned.

2. Details of rate used while conversion of foreign subsidiary financials in the preparation of Consolidated Financial Statement:

	Avg. Rate	Cfg. Rate
₹ Per USD	45.55	44.65
₹ Per GBP	71.79	71.93
₹ Per EURO	62.56	63.24
₹ Per CNY	6.82	6.80
₹ Per ZAR (Rand)	6.52	6.59
₹ Per AUD	45.48	46.02
IDR Per ₹	197.78	195.64

Persons constituting group as defined under the Monopolies and Restrictive Trade Practices Act, 1969 as on 31.03.2011:

1	Aludra Properties Private Limited	45	Inversion Solar Andalucia SL, Spain
2	Amrutha Power Private Limited	46	J H Patel Power Project Private Limited
3	Ananke Properties Private Limited	47	Jubilee Media Comm. Private Limited
4	Apricus SRL	48	Jupiter Infratech Private Limited
5	Arneb Power Private Limited	49	Khaya Solar Projects Private Limited
6	Avior Power Private Limited	50	L. Madhusudhan Rao
7	Basava Power Private Limited	51	L. Padma
8	Belinda Properties Private Limited	52	L. Rajagopal
9	Bhanu Solar Projects Private Limited	53	L. Rama Lakshamma
10	Bhaskar Agro Farms Private Limited	54	L. Sridhar
11	Bhaskar Biotech Private Limited	55	L.Venkata Ramanaidu
12	Bhaskar Orchids Private Limited	56	Lanco Anpara Power Limited
13	Bianca Properties Private Limited	57	Lanco Babandh Power Limited
14	Calliban Trading Private Limited	58	Lanco Bay Technology Park Private Limited
15	Callisto Trading Private Limited	59	Lanco Budhil Hydro Power Private Limited
16	Carpenter Mine Management PTY	60	Lanco Devihalli Highways Private Limited
17	Carretera Transport Infra Private Limited	61	Lanco Energy Africa Limited (Earlier Mainstreet 821)
18	Castula Properties Private Limited	62	Lanco Enterprise Private Limited
19	Charon Trading Private Limited	63	Lanco Enterprise Pte. Ltd., China
20	Chatari Hydro Power Private Limited	64	Lanco Foundation
21	Coral Orchids Private Limited	65	Lanco Group Limited
22	Cordelia Properties Private Limited	66	Lanco Hills Technology Park Private Limited
23	Cressida Properties Private Limited	67	Lanco Holding Netherlands B.V
24	Deimos Properties Private Limited	68	Lanco Horizon Properties Private Limited
25	Despina Properties Private Limited	69	Lanco Hoskote Highway Private Limited
26	Dione Properties Private Limited	70	Lanco Hydro Power Ventures Private Limited
27	Diwakar Solar Projects Private Limited	71	Lanco Industries Limited
28	DRS Resorts Private Limited	72	Lanco Infratech (Mauritus) Limited
29	Emerald Orchids Private Limited	73	Lanco International Pte Limited
30	Fremont Ventures Limited	74	Lanco Italy P.V.1 Investments B.V.
31	G. Bhaskara Rao	75	Lanco Italy P.V.2 Investments B.V.
32	G. Padmavathi	76	Lanco Jharkhand Mining & Power Private Limited
33	Garnet Infrastructure & Power Ventures Private Limited	77	Lanco Kanpur Highways Limited
34	Genting Lanco Power (India) Private Limited	78	Lanco Kerala Seaports Private Limited
35	Green Solar SRL	79	Lanco Kondapalli Power Limited
36	GVRN Agro Estates Private Limited	80	Lanco Mandakini Hydro Energy Private Limited
37	GVRN Farms and Real Estates Private Limited	81	Lanco Mining and Thermal Energy Private Limited
38	GVRN Groves Private Limited	82	Lanco Net Limited
39	GVRN Orchids Private Limited	83	Lanco North Park Land Holding one LLC
40	Hastinapur Properties Private Limited	84	Lanco North Park Land Holding two LLC
41	Helene Properties Private Limited	85	Lanco Operation and Maintenance Company Public Limited
42	Himachal Hydro Power Private Limited	86	Lanco Power International Pte. Ltd
43	Himavat Power Private Limited	87	Lanco Power Limited
44	Infra India Ventures Private Limited	88	Lanco Power Transmission Private Limited

Persons constituting group as defined under the Monopolies and Restrictive Trade Practices Act, 1969 as on 31.03.2011: (Contd.)

89	Lanco Projects Limited	125	Parvat Hydro Power Private Limited
90	Lanco Property Management Company Private Limited	126	Pasiphae Properties Private Limited
91	Lanco Resources Australia PTY Ltd	127	Pearl Farms Private Limited
92	Lanco Resources International PTE Ltd, Singapore	128	Phoebe Trading Private Limited
93	Lanco Rocky face land holding LLC	129	Portia Properties Private Limited
94	Lanco Solar Energy Private Limited	130	Pragdisa Power Private Limited
95	Lanco Solar Holding Netherlands B.V.	131	Prince Stone Investments Limited
96	Lanco Solar International Limited (1 Branch in Italy and other in Spain)	132	Pt. Lanco Indonesia Energy
97	Lanco Solar International Pte. Limited	133	Ravi Hydro Electric Private Limited
98	Lanco Solar International USA Inc.	134	Regulus Power Private Limited
99	Lanco Solar Private Limited	135	S.V. Contractors
100	Lanco Solar Project Development SL, Spain	136	Sabitha Solar Projects Private Limited
101	Lanco Solar Services Private Limited	137	Siddheswara Power Private Limited
102	Lanco Spain P.V.1 Investments B.V.	138	Sinope Properties Private Limited
103	Lanco Tanjore Power Company Limited	139	Siri Agrotech Private Limited
104	Lanco Teesta Hydro Power Private Limited	140	Siri Groves Private Limited
105	Lanco Tracy City Land Holdings	141	Siri Orchids Private Limited
106	Lanco Transport Network Co. Private Limited	142	Spire Rotor Private Limited
107	Lanco Vidarbha Thermal Power Limited	143	Tabit Properties Private Limited
108	Lanco Wind Power Private Limited	144	Talitha Properties Private Limited
109	Lanfin Trustee Private Limited	145	Telesto Properties Private Limited
110	Lanpro Trustee Company Private Limited	146	Tethys Properties Private Limited
111	Larsco Entertainment Private Limited	147	Thalassa Properties Private Limited
112	Larsco Estates	148	The Griffin Coal Mining Company Pty Ltd
113	LE New York - LLC	149	Thebe Properties Private Limited
114	Leda Properties Private Limited	150	Trade Crown Investment Limited
115	Mercury Projects Private Limited	151	Udupi Power Corporation Limited
116	Mimas Trading Private Limited	152	Uranus Infratech Private Limited
117	Mirach Power Limited	153	Uranus Projects Private Limited
118	National Energy Trading and Services Limited	154	Vainateya Power Private Limited
119	Nekkar Power Private Limited	155	Vamshi Hydro Energies Private Limited
120	Neptune Projects Private Limited	156	Vamshi Industrial Power Limited
121	Nix Properties Private Limited	157	Venu Agro Farms Private Limited
122	Omega Solar Projects Private Limited	158	Venu Orchids Private Limited
123	Orion Solar Projects Private Limited	159	Vitrual International Limited
124	Pacific Power Ventures Limited	160	Zania Properties Private Limited

NOTES

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