

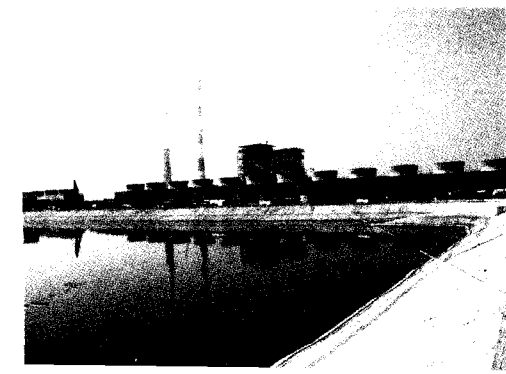
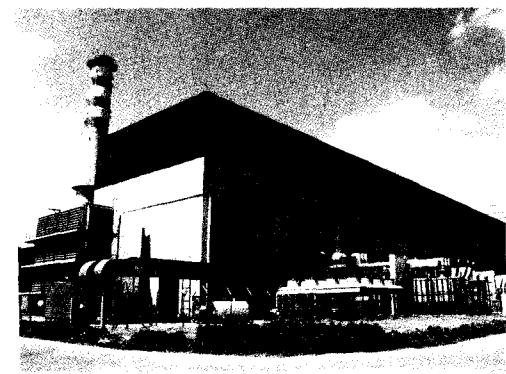
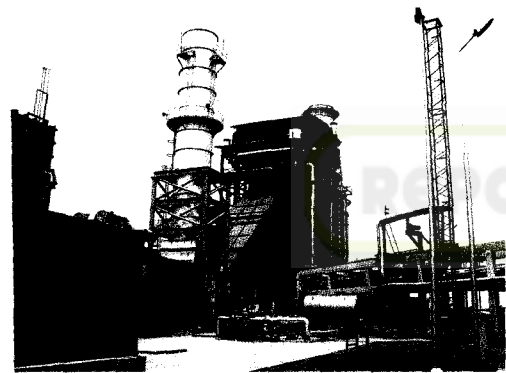
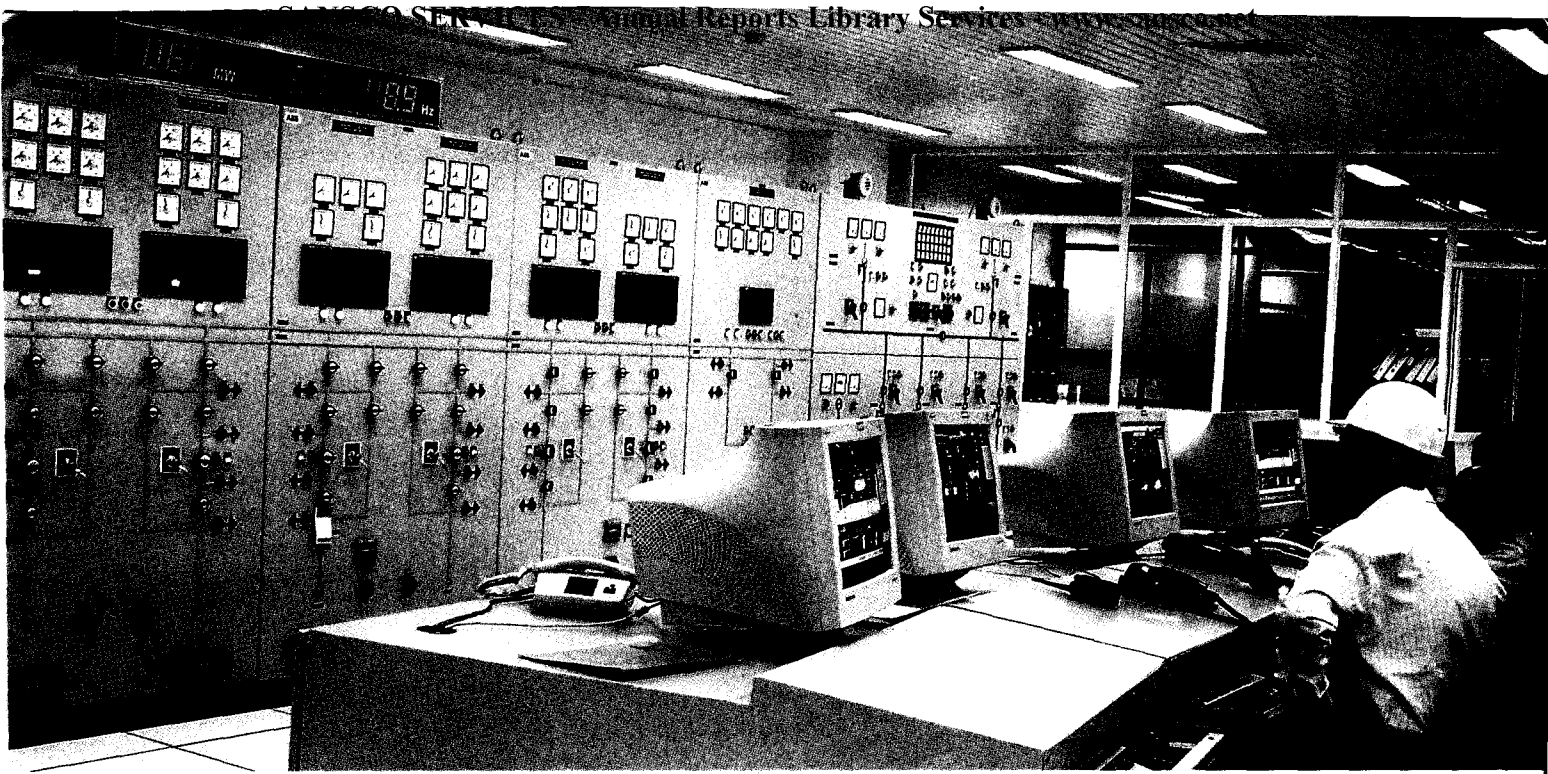


INSPIRING **GROWTH**

LANCO INFRATECH LIMITED



Annual Report 2008-2009



Contents

Corporate Information	1
Organisation Chart	3
Year at a Glance	4
Notice	5
Directors' Report	11
Management's Discussion and Analysis	17
Report on Corporate Governance	43
Stand Alone Abridged Financials	
Auditors' Report	57
Balance Sheet	62
Profit and Loss Account	63
Cash Flow Statement	64
Notes to Abridged Financials	66
Consolidated Financials	
Auditors' Report	79
Balance Sheet	80
Profit and Loss Account	81
Schedules	82
Cash Flow Statement	110

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. D.V. Rao : Joint Managing Director

Dr. P. Kotaiah : Director

Mr. P. Abraham : Director

Dr. Uddesh Kumar Kohli : Director

Mr. P. Narasimharamulu : Director

Dr. B. Vasanthan : Director

Mr. C. Krishnakumar : Sr. Vice-president & Company Secretary

Mr. J. Suresh Kumar : Chief Financial Officer

Auditors

Brahmayya & Co.

Chartered Accountants

No.48, Masilamani Road, Balaji Nagar, Royapettah

Chennai - 600 014. Tamilnadu, India.

Price Waterhouse

Chartered Accountants

8-2-293/82/A/1131A, Road No.36, Jubilee Hills

Hyderabad - 500 034. Andhra Pradesh, 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
Email: complianceofficer.litl@lancogroup.com
Website: www.lancogroup.com

Corporate Office

: Plot No.397, Udyog Vihar, Phase-3
Gurgaon - 122 016, Haryana, India.
Phone: +91-124-474 1000, Fax : +91-124-474 1090

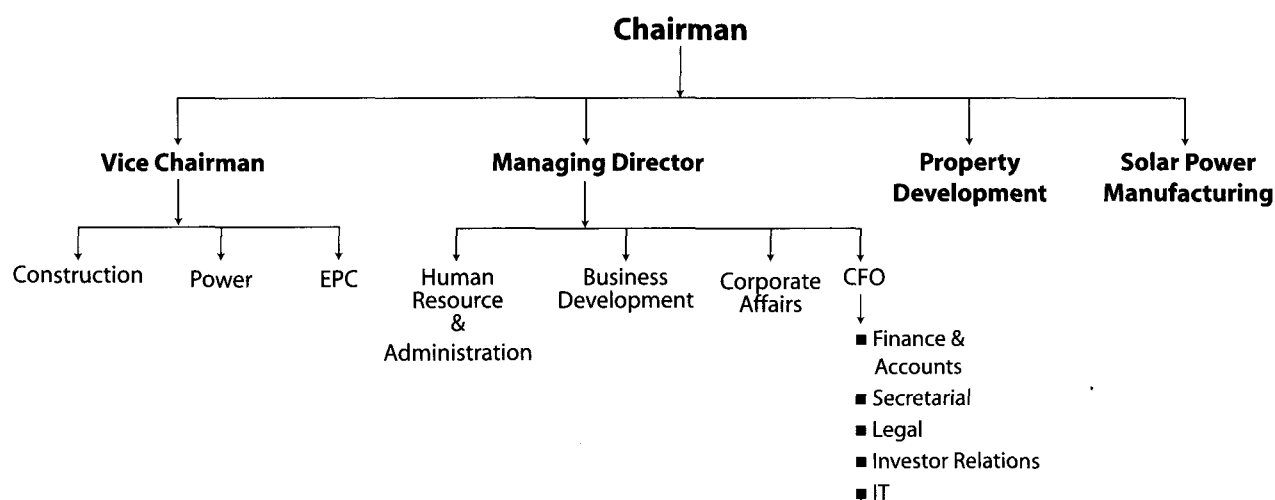
**Bankers and Financial Institutions
of the Company**

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

Registrars & Share Transfer Agents : Link Intime India Private Limited

(Formerly known as Intime Spectrum Registry Limited)
(Unit: Lanco Infratech Limited)
Regd. Office: C-13, Pannalal Silk Mills Compound, L.B.S Marg
Bhandup (West), Mumbai - 400 078, Maharashtra, India.
Phone: +91-22-2594 6970, Fax: +91-22-2594 6969
E-mail: lanco@linkintime.co.in
Website: www.linkintime.co.in

Organisation Chart



Senior Management Team

Power	Mr. P. Panduranga Rao Mr. K. Raja Gopal Mr. Pradeep Lenka Mr. Sanjay Kumar Mittal Mr. K.K.V. Nagaprasad Mr. M.N. Ravi Shankar
EPC	Mr. S.C. Manocha
Construction	Mr. S. M. Roy
Property Development	Mr. S. Pochendar
Solar Power - Manufacturing	Mr. V. Saibaba
Finance	Mr. J. Suresh Kumar
Business Development	Mr. Sanjay Divakar Joshi
Corporate Affairs	Mr. V. Sreenivas
Human Resource	Dr. K.P. Kumar

YEAR AT A GLANCE

DETAILS	Rs. Million		Change
	2008-09	2007-08	%
Gross Revenue	61,282	33,365	84
Earning before Depreciation, Interest and Tax	9,436	7,947	19
Depreciation	1,073	776	38
Earning before Interest and Tax	8,363	7,171	17
Interest and Finance Charges	2,185	921	137
Earning before Tax	6,178	6,250	-1
Provision for Tax	1,690	1,404	20
Profit after Tax (Before Minority Interest and Share of Profits from Associates)	4,487	4,846	-7
Minority Interest & Share of Profits in Associates	(1,036)	(1,225)	-15
Elimination of Profit on Transactions with Associate Companies	648	79	720
Profit after Tax (After Minority and Profits in Associates)	2,804	3,542	-21
Cash From Operating Activities	4,093	5,450	-25
Share Capital	2,198	2,198	0
Reserves & Surplus	18,778	16,119	16
Minority Interest	7,033	5,604	25
Net Worth	20,976	18,317	15
Loan Funds	55,970	31,650	77
Deferred Tax Liability	175	173	1
Gross Block	23,867	20,457	17
Cumulative Depreciation	7,615	6,534	17
Net Fixed Assets	16,252	13,923	17
Capital Works in Progress	40,054	23,125	73
Investments	9,837	6,966	41
Current Assets	49,342	38,769	27
Current Liabilities	31,331	27,039	16
Net Current Assets	18,011	11,730	54
Total Assets	115,485	82,783	40
Earnings Per Share (in Rs.)			
— Basic	13.26	16.77	-21
— Diluted	13.10	16.38	-20

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Lanco Infratech Limited will be held at 3.30 P.M. on Friday, the 25th September, 2009, at 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, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as on 31st March, 2009 and the Profit and Loss Account for the year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. G. Bhaskara Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Uddesh Kumar Kohli, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Narasimhamulu, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. B. Vasanthan, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT Brahmayya & Co., Chartered Accountants, and Price Waterhouse, Chartered Accountants, be and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the Provisions of Sections 198, 309, 310, 311 and other applicable Provisions of the Companies Act, 1956 and Schedule XIII annexed to the Companies Act, 1956, on revision of perquisites & benefits, the remuneration payable to Mr. L. Madhusudhan Rao, Executive Chairman with effect from 01.04.2009 as under be and is hereby approved :

- (i). Salary of Rs.22,91,666/- (Rupees Twenty Two Lakhs Ninety One Thousand Six Hundred and Sixty Six) Per Month.

(ii). Perquisites and Allowances:

The Executive Chairman shall be entitled to all the perquisites and other benefits listed herein below in addition to the Salary.

- (a) Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The Company shall incur expenditure on gas, electricity, water, furnishings, gardeners, servants, security and maintenance.

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under Sections 198, 309, 310, 311 and Schedule XIII Annexed to the Companies Act, 1956.

- (b) Medical reimbursement / allowance: Reimbursement of actual expenses for self and family and/or allowance will be paid as per the Company's Policy.
- (c) Leave Travel Concession / Allowance: For self and family once in a year as per the Company's Policy.
- (d) Club Fee: Fees of Clubs.
- (e) Provision for Driver/ Driver's salary Allowance: As per the Company's Policy.
- (f) Personal Accident Insurance: As per the Company's Policy.

(iii) Other benefits:

- (a) Earned / privilege leave: As per the Company's Policy.
- (b) Company's contribution to Provident Fund and Superannuation Fund: As per the Company's Policy.
- (c) Gratuity: As per the Company's Policy.
- (d) Encashment of Leave: As per the Company's Policy.
- (e) Company Car & Telephone: Use of the Company's Car and Telephone at residence for official purposes as per the Company's Policy.

RESOLVED FURTHER THAT payment of location allowance at New Delhi/Gurgaon @ 15% of Item (i) i.e., Rs. 3,43,750/- (Rupees Three Lakhs Fourty Three Thousand and Seven Hundred Fifty only) Per Month with effect from 01.05.2009 be and is hereby approved.

RESOLVED FURTHER THAT No Sitting Fees shall be paid to Mr. L. Madhusudhan Rao for attending Meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the total remuneration including allowances and perquisites shall not exceed the limits specified in Section 309 of the Companies Act, 1956 read with Schedule - XIII annexed to the Companies Act, 1956."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the Provisions of Sections 198, 309, 310, 311 and other applicable Provisions of the Companies Act, 1956 and Schedule XIII annexed to the Companies Act, 1956, on revision of perquisites & benefits, the remuneration payable to Mr. G. Bhaskara Rao, Executive Vice-Chairman with effect from 01.04.2009 as under be and is hereby approved :

(i). Salary of Rs. 22,91,666/- (Rupees Twenty Two Lakhs Ninety One Thousand Six Hundred and Sixty Six) Per Month.

(ii) **Perquisites and Allowances:**

The Executive Vice-Chairman shall be entitled to all the perquisites and other benefits listed herein below in addition to the Salary.

- (a) Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The Company shall incur expenditure on gas, electricity, water, furnishings, gardeners, servants, security and maintenance.

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under Sections 198, 309, 310, 311 and Schedule XIII Annexed to the Companies Act, 1956.

- (b) Medical reimbursement / allowance: Reimbursement of actual expenses for self and family and/or allowance will be paid as per the Company's Policy.
- (c) Leave Travel Concession / Allowance: For self and family once in a year as per the Company's Policy.
- (d) Club Fee: Fees of Clubs.
- (e) Provision for Driver/ Driver's salary Allowance: As per the Company's Policy.
- (f) Personal Accident Insurance: As per the Company's Policy.

(iii) **Other benefits:**

- (a) Earned / privilege leave: As per the Company's Policy.
- (b) Company's contribution to Provident Fund and Superannuation Fund: As per the Company's Policy.
- (c) Gratuity: As per the Company's Policy.
- (d) Encashment of Leave: As per the Company's Policy.
- (e) Company Car & Telephone: Use of the Company's Car and Telephone at residence for official purposes as per the Company's Policy.

RESOLVED FURTHER THAT payment of location allowance at New Delhi/Gurgaon @ 15% of Item (i) i.e., Rs. 3,43,750/- (Rupees Three Lakhs Fourty Three Thousand and Seven Hundred Fifty only) Per Month with effect from 01.05.2009 be and is hereby approved.

RESOLVED FURTHER THAT No Sitting Fees shall be paid to Mr. G. Bhaskara Rao for attending Meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the total remuneration including allowances and perquisites shall not exceed the limits specified in Section 309 of the Companies Act, 1956 read with Schedule - XIII annexed to the Companies Act, 1956."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the Provisions of Sections 198, 309, 310, 311 and other applicable Provisions of the Companies Act, 1956 and Schedule XIII annexed to the Companies Act, 1956, on revision of perquisites & benefits, the remuneration payable to Mr. G. Venkatesh Babu, Managing Director with effect from 01.04.2009 as under be and is hereby approved :

(i) Salary of Rs. 20,83,333/- (Rupees Twenty Lakhs Eighty Three Thousand Three Hundred and Thirty Three) Per Month.

(ii) Incentives: In the form of Cash or ESOPs as per the Company's Policies.

(iii) **Perquisites and Allowances:**

The Managing Director shall be entitled to all the perquisites and other benefits listed herein below in addition to the Salary and Incentives.

- (a) Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 10% of the salary in lieu thereof. The Company shall incur expenditure on gas, electricity, water, furnishings, gardeners, servants, security and maintenance.

These shall be valued as per the Income Tax Rules, 1962 for the purpose of calculation of managerial remuneration under Sections 198, 309, 310, 311 and Schedule XIII Annexed to the Companies Act, 1956.

- (b) Medical reimbursement / allowance: Reimbursement of actual expenses for self and family and/or allowance will be paid as per the Company's Policy.
- (c) Leave Travel Concession / Allowance: For self and family once in a year as per the Company's Policy.
- (d) Club Fee: Fees of Clubs.
- (e) Provision for Driver/ Driver's salary Allowance: As per the Company's Policy.
- (f) Personal Accident Insurance: As per the Company's Policy.

(iv) **Other benefits:**

- (a) Earned / privilege leave: As per the Company's Policy.
- (b) Company's contribution to Provident Fund and Superannuation Fund: As per the Company's Policy.
- (c) Gratuity: As per the Company's Policy.
- (d) Encashment of Leave: As per the Company's Policy.
- (e) Company Car & Telephone: Use of the Company's Car and Telephone at residence for official purposes as per Company's Policy.

RESOLVED FURTHER THAT payment of location allowance at New Delhi/Gurgaon @ 15% of Item (i) i.e., Rs.3,12,500/- (Rupees Three Lakhs Twelve Thousand and Five Hundred only) Per Month with effect from 01.05.2009 be and is hereby approved.

RESOLVED FURTHER THAT No Sitting Fees shall be paid to Mr. G. Venkatesh Babu for attending Meetings of the Board of Directors or any Committee(s) thereof.

RESOLVED FURTHER THAT the total remuneration including allowances and perquisites shall not exceed the limits specified in Section 309 of the Companies Act, 1956 read with Schedule - XIII annexed to the Companies Act, 1956."

By Order of the Board
for **Lanco Infratech Limited**

C. Krishnakumar
Sr. Vice-President &
Company Secretary

Place : Gurgaon,
Date : 29.07.2009.

NOTES:

1. A member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The Proxy form is enclosed, which should be deposited at the Registered Office of the Company duly completed and signed not later than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 19th September, 2009 to Friday, the 25th September, 2009 (both days inclusive).
4. Members holding shares in physical form are requested to notify change of address, if any, to Link Intime India Private Limited and those who hold shares in dematerialized form are requested to notify to their depository participants their change in address.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.

Annexure to Notice **EXPLANATORY STATEMENT PURSUANT TO** **SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No.7

The Company has a Policy of Payment of Location Allowance for Employees posted in Locations other than Hyderabad. The Policy has been implemented and is in force for the Employees working in Delhi / Gurgaon Offices. Consequent upon the decision to relocate the Corporate Office to Gurgaon, the Executive Chairman had to move over to Gurgaon. Therefore, as a general application of the existing policy of the Company, payment of Location Allowance to Executive Chairman was approved by the Board, as recommended by the Remuneration Committee and subject to the approval of Members with effect from 1st May, 2009.

Further, to compensate fairly and in consonance with the industry standards and as recommended by the Remuneration Committee the Board approved subject to the approval of the Members, revision of Perquisites with effect from 1st April, 2009, payable to Mr. L. Madhusudhan Rao.

The Salary has not been revised and continues to be paid as approved by the Members in the 15th Annual General Meeting.

Except Mr. L. Madhusudhan Rao, and Mr. L. Sridhar, none of the Directors is interested or concerned in the resolution.

Item No.8

The Company has a Policy of Payment of Location Allowance for Employees posted in Locations other than Hyderabad. The Policy has been implemented and is in force for the Employees working in Delhi / Gurgaon Offices. Consequent upon the decision to relocate the Corporate Office to Gurgaon, the Executive Vice-Chairman had to move over to Gurgaon. Therefore, as a general application of the existing policy of the Company, payment of Location Allowance to Executive Vice-Chairman was approved by the Board, as recommended by the Remuneration Committee and subject to the approval of Members with effect from 1st May, 2009.

Further, to compensate fairly and in consonance with the industry standards and as recommended by the Remuneration Committee the Board approved subject to the approval of the Members, revision of Perquisites with effect from 1st April, 2009, payable to Mr. G. Bhaskara Rao.

The Salary has not been revised and continues to be paid as approved by the Members in the 15th Annual General Meeting.

Except Mr. L. Madhusudhan Rao, Mr. G. Bhaskara Rao and Mr. L. Sridhar, none of the Directors is interested or concerned in the resolution.

Item No.9

The Company has a Policy of Payment of Location Allowance for Employees posted in Locations other than Hyderabad. The Policy has been implemented and is in force for the Employees working in Delhi / Gurgaon Offices. Consequent upon the decision to relocate the Corporate Office to Gurgaon, the Managing Director had to move over to Gurgaon. Therefore, as a general application