

Press Release

Lanco is gearing up

Lanco Group ever since its establishment in 1991 has been running all its businesses profitably. Having entered into power sector, during the period 2000 – 2012 Lanco conceived and executed various projects successfully across Gas, Coal, Hydro and Solar and by the year 2012, the Group has emerged as one of the top private power developers with its presence in 12 states in India with 4732 MW under operation, 4636 under construction and around 9000 MW at various stages of development. Lanco also happens to be one among the top three players in power trading business. Therefore, we at Lanco understand the dynamics of power sector in the country.

Until FY 2011-12 profits making by the Group has been excellent. With the generating capacity of 1000 MW in the FY 2011-12 Lanco had a profit of Rs.740 Crores but, by FY 2013 – 14 despite enhancing the capacity by five folds to 4732 MW it has incurred a loss of Rs. 671 Crores against the estimated PAT of Rs. 3,475 Crores for the year FY 2013 due to the adverse impact of the prevailing macro-economic conditions.

The high confidence that the investors in the power sector had during 2006-2011 was subsequently damaged and diminished. Since two years, the power sector has not been able to perform due to various major challenges such as transmission issues, and fuel issues besides deteriorated financial conditions of Discoms. These major issues have distanced the investors from the sector as investment into power sector should be looked at long term and not short term since value to the investment can be realized in 25 to 30 years irrespective of PPAs.

Further, due to the damaged macro-economic environment since three years, funds could not be raised through IPO or QIP.

As Power Sector is highly capital intensive to that extent macro- economic issues cannot keep lingering like this for long. These issues have to be addressed and the power sector has to be streamlined. In our opinion the health of Discoms have to be restored to bring back the confidence of investors into power sector. Steps must be taken to improve the financial condition of Discoms on priority basis. Radical reforms are required to ensure viability of Discoms.

There are many unresolved macro-economic issues in the power and infrastructure sector that are being taken up by the new Government in order to revive these sectors. The Government is also sorting out the problem that belies the discoms and the fuel shortage issue that is taking the sector down. We are hopeful that initiative of the Govt. to produce one billion tons of coal by the year 2019 is a good sign. Lanco is highly optimistic that all these corrective measures being taken by the government shall see a surge in growth that shall be unprecedented. Lanco is confident that the overall scenario of the power sector shall improve in the next 15 - 18 months.



Lanco Infratech Limited

Corporate Office: Lanco House, Plot # 397, Udyog Vihar, Phase -3, Gurgaon- 122 016, New Delhi Region, India.

T + 91 124 474 1000 F +91 124 474 1860/474 1878 E info@lancogroup.com

Registered Office: Lanco House, Plot # 4, Software Units Layout,HITEC City, Madhapur, Hyderabad - 500 081, Telangana, India.

T+91 40 4009 0400 F +91 40 2311 6127 E info@lancogroup.com

www.lancogroup.com

Corporate Identity Number: L45200TG1993PLC015545

: 2 :

Lanco plans to sell 3000 MW assets to raise Rs. 5,000 crores cash and to reduce the additional debt of Rs. 15,000 crores. Since last one year, we have been working on each of the projects to settle the issues and bring back viability. With all these measures as well as in the background of CDR approval and various meetings with bankers and strategic partners, we are confident of driving the Group into same level of profitability again.

Lanco Group believes in the mantra of consolidating, repairing and rebuilding in line to leverage the opportunities that the country will have in the coming years.

Released by



V. Sreenivas,
COO, LANCO Group

For further Details please contact:

A Narasimhan,
Executive Director – Corporate Communications, Lanco Group.
Mobile: +91-9650088065 email: narasimhan@lancogroup.com