Infrastructure India plc

Report & Accounts
For the year ended 31 March 2013

CONTENTS

Joint statement from the Chairman and the Chief executive

We are pleased to report the annual results for the twelve-month period ended 31 March 2013 on behalf of Infrastructure India plc ("IIP", the "Company" or the "IIP Group").

Net Asset Value has increased to £267.3 million (£0.78/share) driven principally by the acquisition of Freightstar Private Limited ("Freightstar") by Vikram Logistic and Maritime Services Private Limited ("VLMS"), appreciation of the Indian Rupee against the Pound Sterling and a decrease in the Indian risk free rate. However, the dilutive effects of the Placing in August 2012, delays at Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL") and VLMS and the risk premia ascribed to these companies have had a moderating influence on the NAV.

Despite the recent reduction in the growth rate of the Indian economy, the fundamentals for sustained growth and the acknowledged need for investment in infrastructure remain. The Company invests in core economic infrastructure, which is integral to an expanding economy. Both energy and transportation are recognised as vital to India's continued development.

In what was a difficult frustrating year for Indian infrastructure businesses, IIP did have some accomplishments, VLMS completed its strategically important acquisition of Freightstar, Indian Energy Limited ("IEL") completed several actions improving its profitability and liquidity position, and the Company's small hydro and toll road businesses performed largely as we would have hoped. On the other hand, we would liked to have made more progress on VLMS' construction activities, to have more definitive progress to report with respect to SMHPCL and to have not had to rely on a dilutive placing of shares in accomplishing these milestones.

Financial performance

The value of the IIP Group's investments in its subsidiaries increased from £212.9 million to £266.5 million. The value accretion resulting from VLMS' acquisition of Freightstar represents the bulk of the uplift in NAV. However, the risk premium ascribed to VLMS has been increased as a result of delays in the release of approved debt funding.

Currency rates at the end of the reporting period were relatively favourable at INR per GBP of 82.56 (at 30 September 2012: 84.86). The Rupee continues to be extremely volatile, which has a direct impact on the GBP valuation of the IIP assets. The Rupee has depreciated against Pound Sterling by roughly 11% since the year-end. The risk-free rate, based on the Indian 10-year bond, decreased from 8.33% at the half year to 7.96% at the end of the full year, which had a positive impact on NAV.

Delays and uncertainties at SMHPCL persist and the risk premium attached to construction is retained, despite this activity being substantially complete. However, we note that the project's management and other stakeholders, under the guidance of the Indian Ministry of Finance, are discussing options to support the completion of the project.

Other holdings, the toll road, wind assets and India Hydropower Development Company ("IHDC") continue to perform in-line with expectations.

Investment update

The Company continued to increase the scale of the IIP Group with additional investment in the portfolio totalling £21.9 million during the period, of which £20.6 million was advanced to VLMS to expedite construction and complete the acquisition and integration of Freightstar, £1.05 million was advanced to IHDC to commence construction of the 8 MW Raura project in Himachal Pradesh and £0.3 million was advanced to IEL as additional working capital.

Transport

VLMS remains the largest holding in the IIP portfolio representing over 60% of NAV at the end of the full year. A key event in the period was the completion of the acquisition of Freightstar and the combination of the two entities is creating one of the leading national, integrated transportation and cargo terminal networks. However, VLMS and Freightstar have been impacted by delays in fund disbursement of approved loans as a result of internal delays at their respective lenders and VLMS liquidity is being carefully managed during this period.

Development and construction of the four container terminals has advanced during the year, supported by IIP's investment, and this work is expected to accelerate on the release of debt funds. VLMS management remain confident that construction of three terminals will be substantially completed by the end of the current fiscal year, in line with the Company's expectations. Warehousing, with significant and growing demand in the sector, has been a key area of focus at the terminals and VLMS will be one of the only providers of large-scale road and rail-linked warehousing capacity in the country. With construction underway, VLMS remains on-track to increase operations and deliver meaningful revenue.

The toll road, Western MP Infrastructure & Toll Roads Private Limited ("WMPITRL") continues to perform to expectations. Both toll plazas are operational and toll revenue increased over 16% for the year, including a fixed escalation of 7% in toll rates over the previous period. However, the impact of a slowing economy was observed with slackening traffic conditions during the period. Forecast traffic growth rates have been revised downwards as a result. Relative to its peers, the toll road continues to perform well.

Energy

IHDC had five fully operational plants at the year end, with a further 4MW plant commissioned in April 2013 increasing installed capacity to 62MW. An additional 24MW of capacity is under construction, with two development projects' planned capacity being revised upwards. IHDC is financing the remaining construction of its portfolio through its operating cash flow. During the reporting period, production was slightly lower than the prior year as a result of delayed and weaker than normal monsoon rainfall during 2012 in Maharashtra and Himachal Pradesh.

IEL performed well during the full year with favourable wind conditions during the monsoon period and increased grid availability. Cash flows also improved from the Theni project, which switched to a group captive arrangement in July 2012, selling to private off-takers at a higher tariff, which was further increased in the final quarter of the fiscal year. IEL also collected long-overdue payments from the Tamil Nadu state electricity board (TNEB Ltd).

Progress at SMHPCL during the reporting year was limited. The project continued to face financing constraints, which impacted its ability to raise equity and receive additional debt disbursements. In May 2012, SMHPCL did receive approval from the Government of India Ministry of Environment and Forests to fill the reservoir to a level of 154 metres. The National Green Tribunal heard the opposing claims of an activist group, but SMHPCL was permitted to proceed under supervision of governmental agencies. The Government of India Ministry of Finance has recently taken a more proactive approach on accelerating large infrastructure projects, many of which are stalled. Under their guidance, SMHPCL, along with other stakeholders, are currently discussing a range of options to support the completion of the project. Although encouraging, completion of any financing and subsequent project activities including attributable revenues cannot be accurately predicted at this time.

Placing of ordinary shares and repayment of loan facility

In August 2012, the Company placed 123,899,118 new ordinary shares of 1p each at a price of 33p per share to raise approximately £40.9 million (before expenses). Following the placing, the Company has 342,660,000 of ordinary shares in issue. Funds raised through the placing were utilised to repay the Company's secured loan facility (approximately £15.6 million), fund a portion of the remaining equity needed to complete the acquisition and integration of Freightstar by VLMS and to fund the Company's working capital needs.

Company liquidity and financing

At the end of the period, the IIP Group had cash available of approximately £2 million. In addition, and subsequent to the year-end, the Company announced in April 2013 that it had entered into a working capital loan facility with GGIC Ltd ("GGIC") for up to US$17m. The loan facility has provided the financial security required to focus on developing the existing portfolio.

Financial reporting

The Company has adopted early the amendments to IFRS 10: Consolidated Financial Statements. The amendments to IFRS 10 requires qualifying investment entities to account for its investments in controlled entities at fair value through profit and loss instead of consolidating such entities. This means that as at 31 March 2013, the Company will disclose all of its controlled entities at fair value through profit and loss.

Subsequent events and outlook

Looking forward, VLMS remains on-track to commence operations at three of its four large container terminals before the end of the current fiscal year. The prospects for its unique terminal footprint remain very strong, especially when combined with its ability to deliver a full suite of transportation solutions. SMHPCL management are currently negotiating a plan to allow the project's completion, and with the support of the Government of India we are hopeful that the project will commence operation during the course of this fiscal year. The working capital loan facility announced in April underpins the working capital position of IIP and enables the Company to focus on supporting these businesses to grow and mature to cash generation and profitability. Based upon our valuation analyses and benchmarking to industry comparables, the intrinsic value of the remainder of the portfolio remains intact.

Many of IIP's businesses are fully operational, while others are poised at an inflection point between construction and the commencement of full operations. Passing through this inflection has proved more troubling than we would have hoped or suspected. However, we are confident of substantial progress being made in the current fiscal year – with IIP's portfolio continuing to mature into a collection of well positioned, cash generative, operating businesses.

Tom Tribone and Sonny Lulla
17 July 2013

Infrastructure overview

The Government of India is taking an active role in addressing policy and fiscal reforms required to promote India as an investment destination and to halt the downward pressure on economic growth. Infrastructure is a primary focus.

Several initiatives have been implemented to improve the investment environment. These initiatives include the formation of the Cabinet Committee on Investment ("CCI") in January 2013 to expedite decisions for major infrastructure projects. The Prime Minister chairs the Committee and recently created a Project Monitoring Group that will oversee around 215 projects – of which SMHPCL is one – in an effort to get projects commissioned.

The power sector remains a key focus for the Government, as India suffers a current peak deficit of 12GW (total installed capacity 223GW in March 2013) and growing demand. Renewables will continue to play a key role in addressing the need for capacity additions, as conventional power producers continue to face significant project development and fuel supply challenges.

In order to boost infrastructure investment and bridge a funding gap, the Ministry of Finance has advocated Infrastructure Debt Funds ("IDFs") that provide long-term, low-cost debt financing for infrastructure projects. Banks have historically been the main source of funding for infrastructure projects, however, asset-liability mismatches and loan exposure limits to industries set by the Reserve Bank of India (RBI) have constrained lending. The maiden IDF launched by the Government of India's India Infrastructure Finance Company Limited in June 2013, is targeting a capital raise of US$1 billion from domestic and international investors.

In the logistics sector, development of the Dedicated Freight Corridor (DFC) is progressing with work on the Eastern DFC commencing and contracts awarded for the Western DFC. As of June 2013, the Government had acquired most of the required land and obtained statutory clearances. The DFC involves the construction of six freight corridors traversing the entire country, which will create additional rail capacity and higher freight throughput. The DFC will be a significant growth driver for the logistics sector delivering much-needed infrastructure and capacity and leading to more competitive pricing. VLMS, with large rail-linked terminals under construction, is very well placed to benefit from the DFC roll-out coupled with the growing trend of outsourcing logistics. Additional changes to Foreign Direct Investment (FDI) are being reviewed, including a proposal to increase the FDI cap in multi-brand retail to 74%, which could further add to freight demand.

In the road sector, the Government has relaxed exit norms for road developers in a move that will likely increase transaction activity in the sector – particularly for projects where commercial operations have commenced. The Ministry for Roads and the National Highway Authority of India has been seeking the policy change to allow the industry to raise fresh equity and boost the road sector. The change favours completed projects where the construction risk is over and lenders are not likely to object. Although it is too early to gauge activity, this has potentially positive ramifications for WMPITRL.

The Ministry of New and Renewable Energy is supporting the reintroduction of a Generation Based Incentive (GBI) for wind energy projects to attract investment. Despite the commitment of the Government and the allocation of approximately US$160 million for the payment of GBI, the details of the policy are yet to be announced. Access to lower-cost debt finance for renewable energy projects is also a theme, with the National Clean Energy Fund (NCEF) committing to low-interest loans through the Indian Renewable Energy Development Agency (IREDA). The Power Finance Corporation (PFC) has also cut its lending rate by 50 basis points for renewable energy projects.

The Government is seeking to shape policy to encourage investment and address structural issues, however, progress is likely to be gradual and some policy-related bottlenecks remain in key areas such as land acquisition. Upcoming elections in 2014 may distract the incumbent administration and impact progress on many key initiatives. While IIP's assets have not been immune to the challenges in the sector, and financing difficulties compounded by bureaucracy at banks remains a persistent issue, each of our projects has fundamental characteristics allowing them to generate sustainable long-term returns.

Vikram Logistic and Maritime Services Private Limited (“VLMS”)

Description	Supply chain transportation and container infrastructure company with a large operational road and rail transportation fleet; developing four large container terminals across India		
Promoter	IIP		
Date of investment	**3 March 2011**	**15 October 2011**	**From January 2012**
Investment amount	£34.8m (implied)	£58.4m (implied)	£31.7 million
Aggregate percentage interest	37.4%	99.9%	99.9%
Investment during the period	£20.6 million		
Valuation as at 31 March 2013	**£167.6 million**		
Project Debt:Equity	65:35		

Key developments

- Notification from the Government of Karnataka for transfer and registration of land in the name of the Company and Government approval to set up a multi-modal logistics terminal at its site at Bangalore
- Substantial progress in mortgaging of land acquired at Bangalore in favour of lenders
- Acquisition of Freightstar, the logistics division of ETA Engineering Pvt. Ltd. on March 15 2013
- Completion of remaining closing documentation and related formalities, and receipts of lender approvals to commence disbursement of debt funds
- Construction started at terminal facilities at Bangalore, Chennai and Freightstar’s facilities at Nagpur supported by the Company’s investments
- Registration of 30% of the remaining land at Palwal
- Company on-track to complete three large container terminals by end of current fiscal year

Investment details

Between March and October 2011, the Company acquired a 99.99 per cent interest in VLMS. VLMS is a supply chain transportation and container infrastructure company headquartered in Bangalore and Gurgaon with material presence in central, northern and southern India. VLMS provides a broad range of logistics services including, trucking, customs clearing and handling, and bonded warehousing. It is constructing four large container terminals in Bangalore, Chennai, Nagpur and Palwal (in the National Capital Region). During the reporting period, the Company invested approximately £20.6 million, which includes approximately £5.5 million invested since October 2011 towards the acquisition of Freightstar.

Developments

During the reporting period, several significant developments took place for VLMS. The receipt of approval from the Government of Karnataka to set up a multi-modal logistics terminal at its site and the receipt of a Government notification allowing VLMS to transfer the acquired land in Bangalore in its name, allowed VLMS to mortgage a substantial portion of the land acquired at Bangalore in favour of its lenders. It also facilitated commencement of construction activities at VLMS’ Bangalore site. Formal documentation by the respective lender consortia for the acquisition of Freightstar involved time-consuming internal bank procedures. On 15 March 2013, VLMS executed the final agreements for the acquisition of Freightstar. The final purchase consideration paid for this acquisition was approximately £8 million. Since executing the agreements, the remaining documentation to transfer all assets and liabilities to VLMS has also been completed.

In anticipation of the release of previously approved debt funds by the respective lender consortia of VLMS and Freightstar, funds invested by the Company were used to commence and expedite construction at VLMS’ Bangalore and Chennai facilities. Construction activities were also started at Freightstar’s Nagpur facility, as were activities for registration of the remaining 24 acres of land at Palwal. The Company is happy to report that construction progress has been made at the terminal facilities at Bangalore and Nagpur, and approximately 30% of the remaining land has been registered at Palwal. Construction has also progressed at VLMS' Chennai facility.

Although delays in release of debt funds have hampered construction progress, VLMS management believes that, subject to continued timely debt disbursements, project activities can be substantially completed in the second half of fiscal year 2013-14, in line with previous expectations.

Valuation

In accordance with the Company's stated valuation methodology, as at 31 March 2013, VLMS was valued at £167.4 million. Given the delays in disbursement of debt and the resultant uncertainties surrounding project execution, risk-premia was assigned based on risks specifically identified to the various business units at the combined entity. A composite risk premium of 6.6 per cent was computed and applied to the risk-free rate of 7.96 per cent to arrive at the valuation. The Company forecasts its revenues and costs using detailed bottoms-up financial analyses which include reasonable achievable volume forecasts for each of its key markets and cargo routes in its various business lines, and prices and costs based upon actual market data and its experience. This valuation for the VLMS assets is reflected in the Consolidated Statement of Financial Position, in which the Company's investments in subsidiaries are shown at fair value. Prior to the Company's early adoption of the amendments to the accounting standard IFRS 10, the Consolidated Statement of Financial Position included a consolidation of VLMS, which did not incorporate the fair valuation of the investment.

Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL")

Description	400MW hydropower project on the Narmada River near Maheshwar in Madhya Pradesh	
Promoter	Entegra Limited	
Date of investment	**June 2008**	**September 2011**
Investment amount	£13.2 million	£16.5 million
Aggregate percentage interest	20.5%	17.7%
Investment during the period	Nil	
Valuation as at 31 March 2013	**£35.0 million**	
Project Debt:Equity	80:20	

Key developments

- SMHPCL received approval from the Government of India Ministry of Environment and Forests ("MoEF") in May 2012 to fill the reservoir to a level of 154 metres
- Opposing claims by the group Narmada Bachao Andolan were heard and rejected by the National Green Tribunal and SMHPCL was permitted to commence partial filling of the reservoir to the level of 154 metres
- Difficult financing conditions for the power sector and the project in particular continued, and as such the project was unable to raise additional equity
- Given the national importance of the project and under the guidance of the Government of India's Ministry of Finance, the promoters of the project, the main lenders and the Madhya Pradesh Power Management Company Limited ("**MPPMCL**") are exploring ways and means to ensure the resumption of construction activities and commissioning of the ready turbines.

Investment details

SMHPCL, promoted by Entegra Limited ("**Entegra**"), is constructing a 400MW hydropower project (ten turbines of 40MW each) situated on the Narmada River near Maheshwar, in the south-western region of Madhya Pradesh. There was no additional investment by the Company during the reporting period. The Group's returns are protected by way of an IRR guarantee arrangement on cash flows, which includes a minimum IRR of 15 per cent on the first £13 million investment and a minimum IRR of 17 per cent on the second £16.5 million investment. The guarantees are secured by escrowed shares in SMHPCL.

Current status of project and financing update

During the reporting period, SMHPCL received approval from MoEF in May 2012 to fill the reservoir to 154 meters above mean sea level ("**MSL**"). Subsequent opposition to filling from opposition group Narmada Bachao Andolan was heard at the National Green Tribunal and SMHPCL received permission from the tribunal on 8 August 2012 to commence partial filling of the reservoir at the dam site up to 154 meters above MSL and commence generation of 40 MW of electricity on trial basis within a period of three months.

Within the constrained financing environment in the country and for the power sector in particular, the project has not been able to mobilise the required equity funds during the reporting period to allow proportionate disbursements of debt and completion of the remainder of the rehabilitation and construction activities needed to get the project operational.

Financing Update

Under the guidance of the Government of India's Ministry of Finance, project lenders, the Government of Madhya Pradesh, MPPMCL, SMHPCL and SMHPCL's equipment supplier are discussing options to support the financing and completion of the remaining project activities, including rehabilitation, construction and the supply, testing and commissioning of equipment. These options include equity infusions from new investors and a restructuring of the project's debt facilities to, among other things, lower the interest rates. Based upon the project's financing discussions to date, the dilutive effect of these financings is expected to be in line with those already accounted for in the Group's valuation computations. Discussions also include timeliness of remaining equipment supply, testing and commissioning, rehabilitation of project-affected people and the adequacy of tariffs. Subject to the timely conclusion of these efforts and the mobilisation of required funds, the management of SMHPCL is currently targeting a commencement of the initial operations with three of the ten turbines by the end of the fiscal year 2013-14 and full completion in fiscal year 2014-15. Since the discussions are on-going at this time, the final outcome on financing and timeliness of completion of the financing, remaining project activities and attributable revenues cannot be accurately predicted at this time.

Valuation

The asset is valued following the Company's stated valuation methodology (a discounted cash flow analysis) using a risk premium of 6 per cent over the risk-free rate for assets in "construction". Although construction activity on the project is substantially complete, the risk premium of 6 per cent has been retained since the project had not commenced operation as at 31 March 2013. The valuation as at 31 March 2013 was £35.0 million (30 September 2012: £35.9 million, 31 March 2013: £34.7 million). In considering the valuation of the project, the uncertainties discussed in the paragraph headed, "Financing Update" should be considered.

Western MP Infrastructure & Toll Roads Private Limited ("WMPITRL")

Description	125km four lane toll road in western Madhya Pradesh, with a 25 year concession which commenced in April 2008		
Promoter	Essel Group		
Date of investment	**30 September 2008**	**14 October 2009**	**24 June 2010**
Investment amount	£11.3 million	£0.9 million	£0.3 million
Aggregate percentage interest	26.0%	26.0%	26.0%
Investment during the period	Nil		
Valuation as at 31 March 2013	**£26.3 million**		
Project Debt:Equity	68:32		

Key developments

- Total toll revenue increased by 16.3 per cent in FY2013 to INR 1,033 million. Traffic growth was flat for both the toll plazas due to slower economic activity
- Traffic growth rate assumptions have been revised downward to 6.1 per cent and 6.7 per cent for FY14 and FY15 respectively (previously 10 per cent and 9 per cent, respectively)

Investment details

WMPITRL, promoted by the Essel Group, operates a 125km toll road in the central Indian state of Madhya Pradesh on a Build-Own-Transfer (BOT) basis for a term of 25 years. There was no additional investment into the project during the reporting period.

Project update

The impacts of a slowing economy during the period have been observed at the toll road. In the fiscal year ending March 31 2013, toll revenue was INR 1,033 million, representing a 16.3 per cent increase over the toll revenue for the fiscal year ending March 31, 2012 (INR 889 million). This increase includes a fixed escalation of 7% in toll rates over the previous year. It should also be noted that the toll revenue in FY 2012 only included 10 months of toll collection from Toll Plaza 2.

Analysis of traffic at Toll Plaza 1, which has been operational for a longer period of time and thus more representative of the tolling trend, showed an annual toll growth rate of approximately 7% to March 31, 2013, indicating that traffic growth has remained flat.

Valuation

The asset was valued in accordance with the Company's stated methodology by using a composite risk premium of 3% over the risk-free rate of 7.96 per cent. A risk premium of 3% was used as Toll Plaza 2 has not yet completed two years of operation. Given the data observed in 2012, for valuation purposes traffic growth estimates have been reduced by 25% to 40% in the initial years of the forecast from previous traffic projections. The valuation as at 31 March 2013 was £26.3 million (30 September 2012 - 26.1 million, 31 March 2012 - 29.0 million). The appreciation of the Indian Rupee against the Pound Sterling and a reduction in the risk-free rate are offset by the reduction in the traffic volume growth estimates used for valuation.

India Hydropower Development Company LLC ("IHDC")

Description	A company that develops, owns and operates small hydropower projects with six fully operational projects (62 MW of installed capacity), and a further 24 MW of installed capacity under development or construction
Promoter	Dodson-Lindblom International Inc

Date of investment	**3 March 2011**	**January 2012**	**May 2012**
Investment amount	£25.7m (implied)	£0.3 million	£1.05 million
Aggregate percentage interest	50.0%	50.0%	50.0%

Investment during the period	£1.05 million
Valuation as at 31 March 2013	**£25.1 million**
Project Debt:Equity	62:38

Key developments

- Panwi (4.0 MW) project in Himachal Pradesh synchronised with the grid in April and commenced commercial operations in May 2013
- Weak monsoon rainfall in 2012 moderated production from several IHDC projects during FY13
- Project capacities for Raura and Melan (in construction and development, respectively) revised upwards based on revised project parameters

Investment details

The IHDC portfolio currently includes six fully operational projects, totaling approximately 62 MW of installed capacity - Bhandardara Power House I, Bhandardara Power House II, and Darna in Maharashtra; Birsinghpur in Madhya Pradesh; and Sechi and Panwi in Himachal Pradesh. IHDC has a further 24MW under development and construction with planned capacity at two sites having been revised upwards. In addition, IHDC has a pipeline of identified projects for future development. There was additional investment of £1.05 million during the reporting period to commence construction of the Raura project. The company utilises free cash flow from its operational projects to fund development and construction of Raura and Melan.

Project update

Production during the 2012-13 fiscal year from IHDC's operational projects was approximately 129 GWh (152 GWh in the previous period). This production was lower than historical averages of approximately 144 GWh on account of delayed and weaker than normal monsoon rainfall during 2012. The weak monsoon rainfall affected electricity production from IHDC's projects in the states of Maharashtra and Himachal Pradesh.

Maharashtra

IHDC's projects in Maharashtra have been operating as expected, however, production during the fiscal year was lower than historical averages at the Bhandardara and Darna projects resulting from the weak monsoon rainfall in the state. Large irrigation releases required to mitigate drought conditions affected the availability of water for power production at these two projects. Production from the Darna project is expected to improve after the construction of three upstream projects is completed. Overall, the production from these projects was approximately 95 GWh (roughly P75 level).

Madhya Pradesh

The Birsinghpur project, located on the cooling water return canal in the Sanjay Gandhi Thermal Power Station in Madhya Pradesh, produced 16 GWh during the fiscal year. The project continues to operate as expected and is not affected by monsoon rainfall in the country.

Himachal Pradesh

IHDC's 4.5 MW Sechi hydropower project, commissioned in February 2012, was also affected by the weak rainfall recorded across the country and generated approximately 17 GWh of electricity during the fiscal year. After overcoming some weather-related delays, IHDC commissioned Panwi, a 4 MW hydropower project in May 2013. The energy generated from the Panwi project will be sold under a long-term PPA to the Himachal Pradesh State Electricity Board.

Construction on the 8 MW Raura project is underway and over 11 per cent of civil work has been completed. The Group invested £1.05 million in May 2012 to part fund construction of the project. Debt funding for the project has been approved by the Indian Renewable Energy Development Agency. Based on updated technical parameters, IHDC believes that the capacity of the project can be enhanced and is incorporating the flexibility to install higher capacity equipment at the site.

Based on technical studies IHDC has determined that the capacity of the 4.5 MW Melan project can be enhanced to approximately 9 MW. Securing debt financing is expected to commence after the completion of the necessary documentation and required governmental approvals for the revised project arrangement.

Recent floods

In June 2013 heavy rains and flooding in the north Indian states of Uttarakhand and Himachal Pradesh caused substantial damage and loss of life. Electricity generation at various hydropower projects was disrupted. IHDC's operating projects - Sechi and Panwi in Himachal Pradesh - have not been impacted. At the Raura project which is under construction, a portion of the access road to the powerhouse has suffered some damage. This is expected to take approximately four weeks to repair.

Valuation

The IHDC portfolio was valued in accordance with the Company’s stated valuation methodology, by using a composite risk premium of 3.6 per cent over the risk-free rate of 7.96 per cent. The composite risk premium is computed using a MW based weighted average of risk premia of individual assets related to their stage of operation. The value for the IHDC investment as at 31 March 2013 was £25.1 million (30 September 2012 - £24.4 million, 31 March 2012 - £25.4 million).

Indian Energy Limited ("IEL")

Description	An independent power producer from renewables, with 41.3MW installed capacity over two operating wind farms	
Promoter	IIP	
Date of investment	**21 September 2011**	**October 2011 – December 2012**
Investment amount	£10.6m (implied)	£0.9 million
Aggregate percentage interest	100.0%	100.0%
Investment during the period	£0.3 million	
Valuation as at 31 March 2013	**£14.4 million**	
Project Debt:Equity	60:40	

Key developments

- Reduction in the average interest costs at Gadag and Theni (now 12.95 per cent)
- Improved production from Gadag and Theni for the fiscal year, at approximately P75 level
- Theni project successfully converted to a Group Captive project with a PPA tariff of INR 5.25 per kWh, further increased to INR 5.58 per kWh effective May 2013
- Tamil Nadu State Electricity Board (TNEB Ltd) has fully cleared all outstanding receivables of INR 75.3 million (£0.9 million) for Theni

Investment details

IEL is an independent power producer that owns and operates wind farms in India. It currently operates 41.3 MW of installed capacity across two wind farms in the states of Karnataka and Tamil Nadu.

Project update

Gadag

The Gadag Project is a 24.8 MW wind farm situated in Karnataka, now in its fourth full year of operation. For FY 2012-13, Gadag generated close to 49 million kWh (approximately the P75 forecasted value).

Theni

The Theni Project, a 16.5 MW wind farm, has now completed over two full years of operation. The power from the Theni Project was being sold to TNEB Ltd under a 20-year power purchase agreement at Rs. 3.39 per kWh. In July 2012, IEL successfully converted the Theni wind farm to a group captive power project. The project is now providing power to four industrial customers at a gross tariff of INR 5.58 per kWh and IEL currently receives payments within approximately 45 days of invoicing. Since the conversion to a group captive arrangement, cash flows have significantly improved from the Theni project. Also, all past overdue payments have now been collected from TNEB Ltd.

For FY 2012-13, Theni generated over 44 million kWh (approximately the P75 forecasted value).

State Bank of India provides the existing project debt with a floating interest rate linked to the bank's Base Rate. Both projects have benefitted from a reduction in the Base Rate, with a revised applicable interest rate of 12.95 per cent for both projects (Base Rate reduction of 0.55 per cent and 0.05 per cent at Gadag and Theni, respectively). Dividend restrictions include financial covenants linked to the debt service coverage ratio (DSCR must be >1.30), minimum agreed cash reserves and a cash sweep of 50 per cent of the excess cash for prepayment of principal.

Valuation

As at 31 March, 2013, the IEL assets were valued in accordance with the Company's stated valuation methodology by applying a 2.0 per cent risk premium above the risk free rate of 7.96 per cent. The risk premium of 2 per cent representing "normal operations" is utilised for both projects, as they have been operational for over two years. The valuation of £14.4 million thus determined for the IEL assets is reflected in the Consolidated Statement of Financial Position, in which the Company's investments in subsidiaries are shown at fair value. Prior to the Company's early adoption of the amendments to the accounting standard IFRS 10, the Consolidated Statement of Financial Position included a consolidation of IEL instead of a fair valuation of the investment.

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Group for the year ended 31 March 2013.

Principal activity and incorporation

The Company is a closed-ended investment company, incorporated on the 18 March 2008 in the Isle of Man as a public limited company under the 2006 Companies Act. It was admitted to the Official List of the London Stock Exchange on 30 June 2008, and subsequently moved to a listing on AIM, a market maintained by the London Stock Exchange on 16 November 2010.

The Company's investment objective is to provide shareholders with both capital growth and income by investing in assets in the Indian infrastructure sector, with particular focus on assets and projects related to energy and transport.

Results and dividends

The Group's results for the year ended 31 March 2013 are set out in the Consolidated Statement of Comprehensive Income.

A review of the Group's activities is set out in the Joint Statement from the Chairman and the Chief Executive report.

The Directors do not recommend the payment of a dividend (2012: nil)

Directors

The Directors of the Company during the year and up to the date of this report were as follows:

Tom Tribone	Chairman
Rahul Sonny Lulla	Chief Executive
Timothy Walker	Non Executive Director and Audit Committee Chairman
Robert Venerus	Non Executive Director
Timothy Stocks	Non Executive Director
Madras Seshamani Ramachandran	Non Executive Director
Vikram Viswanath	Non Executive Director

Directors' interests in the shares of the Company are detailed in note 16.

Company Secretary

The secretary of the Company during the year and to the date of this report was Philip Scales.

Auditors

Our auditors, KPMG Audit LLC, being eligible have expressed their willingness to continue in office.

On behalf of the Board

Sonny Lulla
Director
17 July 2013

Statement of Directors' Responsibilities

In Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

The Group financial statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time its financial. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Directors' Report includes a fair view of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

On behalf of the Board

Sonny Lulla
Director
17 July 2013

Corporate Governance Statement

The Combined Code does not directly apply to companies incorporated within the Isle of Man but the Board of Infrastructure India PLC has developed its internal procedures to be in line with the recommendations of the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Company Alliance ("**QCA Guidelines**") where appropriate and these are monitored on a regular basis. The Directors will continue to comply with the relevant requirements of the QCA Guidelines to the extent that they consider it appropriate having regard to the Company's size and the nature of its operations. The Board is not presently aware of any respects in which it will depart from its current approach and considers that the Company has complied with this approach to corporate governance throughout the accounting year.

Responsibilities of the Board

The Board of Directors is responsible for the determination of the investment policy of the Company and for its overall supervision via the investment policy and objectives that it has set out. The Board is also responsible for the Company's day-to-day operations; however, since the Board members are all non-executive, in order to fulfil these obligations, the Board has delegated operations through arrangements with the Investment Adviser and Administrator.

All but one of the Directors are non-executive directors and therefore there is no nomination committee. The Company has not established a remuneration committee as it is satisfied that any issues can be considered by the Board or the Audit Committee.

The Board intends to meet formally at least four times each year. At each Board meeting the financial performance of the Company and all other significant matters are reviewed so as to ensure the Directors maintain overall control and supervision of the Company's affairs. The Board receives investment reports from the Asset Manager and Valuation and Portfolio Services Adviser and management accounts from the Administrator. The Board maintains regular contact with all its service providers and are kept fully informed of investment and financial controls and any other matters that should be brought to the attention of the Directors. The Directors also have access where necessary to independent professional advice at the expense of the Company.

Audit Committee

The Audit Committee is a sub-committee of the board and it meets formally at least twice each year. It makes recommendations to the Board which retains the right of final decision. The Audit Committee has primary responsibility for reviewing the financial statements and the accounting policies, principles and practices underlying them, liaising with the external auditors and reviewing the effectiveness of internal controls.

The terms of reference of the Audit Committee covers the following:

- The composition of the Committee, quorum and who else attends meetings.
- Appointment and duties of the Chairman.
  Duties in relation to external reporting, including reviews of financial statements, shareholder communications and other announcements.
- Duties in relation to the external auditors, including appointment/ dismissal, approval of fee and discussion of the audit.

In addition, the Company's administrator (IOMA Fund and Investment Management Limited) has a number of internal control functions including a dedicated Compliance Officer who monitors compliance with all statutory and regulatory requirements and presents a report to the Board at each meeting.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Infrastructure India plc

We have audited the financial statements of Infrastructure India plc for the year ended 31 March 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2013

	Note	2013	Restated 2012
		£'000	£'000
Interest income on bank balances		9	40
Movement in fair value on investments at fair value through profit or loss	12	28,737	5,932
Foreign exchange (loss)/gain		(424)	57
Asset management and valuation services	7	(4,263)	(2,815)
Other administration fees and expenses	6	(1,499)	(2,251)
Operating profit		22,560	963
Finance costs	8	(1,774)	(172)
Profit before taxation		20,786	791
Taxation		-	-
Profit for the year		20,786	791
Other comprehensive income		-	-
Total comprehensive income		20,786	791
Basic and diluted earnings per share (pence)	10	7.1p	0.4p

The Directors consider that all results derive from continuing activities.

The notes on pages 22 to 34 form an integral part of the financial statements.

Consolidated Statement of Financial Position
at 31 March 2013

	Note	2013	Restated 2012
		£'000	£'000
Non-current assets			
Investments at fair value through profit or loss	12	266,500	215,827
Total non-current assets		266,500	215,827
Current assets			
Debtors and prepayments	13	11	22
Cash and cash equivalents		2,128	8,560
Total current assets		2,139	8,582
Total assets		268,639	224,409
Liabilities			
Current liabilities			
Trade and other payables	17	(1,321)	(1,455)
Loans and borrowings	18	-	(15,615)
Total current liabilities		(1,321)	(17,070)
Total liabilities		(1,321)	(17,070)
Net assets		267,318	207,339
Equity			
Ordinary shares	14	3,427	2,188
Share premium	14	226,711	188,757
Retained earnings		37,180	16,394
Total equity		267,318	207,339

The notes on pages 22 to 34 form an integral part of the financial statements.

These financial statements were approved by the Board on 17 July 2013 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated Statement of Changes in Equity
for the year ended 31 March 2013

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 April 2011 (as previously stated)	1,506	121,133	15,370	138,009
Adjustment to measure controlled investee companies at fair value	-	-	233	233
Balance at 1 April 2011 (restated)	**1,506**	**121,133**	**15,603**	**138,242**
Total comprehensive income for the year				
Profit for the year	-	-	791	791
Total comprehensive income for the year (restated)	**-**	**-**	**791**	**791**
Contributions by and distributions to owners				
Issue of ordinary shares	682	68,196	-	68,878
Share issue costs	-	(572)	-	(572)
Total contributions by and distributions to owners of the Company	**682**	**67,624**	**-**	**68,306**
Balance at 31 March 2012 (restated)	**2,188**	**188,757**	**16,394**	**207,339**
Balance at 1 April 2012 (restated)	2,188	188,757	16,394	207,339
Total comprehensive income for the year				
Profit for the year	-	-	20,786	20,786
Total comprehensive income for the year	**-**	**-**	**20,786**	**20,786**
Contributions by and distributions to owners				
Issue of ordinary shares	1,239	39,648	-	40,887
Share issue costs	-	(1,694)	-	(1,694)
Total contributions by and distributions to owners of the Company	**1,239**	**37,954**	**-**	**39,193**
Balance at 31 March 2013	**3,427**	**226,711**	**37,180**	**267,318**

The notes on pages 22 to 34 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2013

	Note	2013	Restated 2012
		£'000	£'000
Cash flows from operating activities			
Profit for the year		20,786	791
Adjustments:			
Interest income on bank balances		(9)	(40)
Finance costs		1,774	172
Movement in fair value on investments at fair value through profit or loss	12	(28,737)	(5,932)
Foreign exchange loss / (gain)		424	(57)
		(5,762)	(5,066)
(Decrease) / Increase in creditors and accruals		(134)	832
Decrease / (increase) in debtors and prepayments		11	(12)
Net cash utilised by operating activities		**(5,885)**	**(4,246)**
Cash flows from investing activities			
Purchase of investments	12	(21,936)	(98,554)
Interest received		9	40
Cash utilised by investing activities		**(21,927)**	**(98,514)**
Cash flows from financing activities			
Proceeds from issue of shares (less share issue costs)		39,193	68,306
Loans received		-	15,443
Loans repaid		(15,615)	-
Loan interest repaid		(1,774)	-
Net cash generated from financing activities		**21,804**	**83,749**
Decrease in cash and cash equivalents		**(6,008)**	**(19,011)**
Cash and cash equivalents at the beginning of the year		8,560	27,281
Effect of exchange rate fluctuations on cash held		(424)	290
Cash and cash equivalents at the end of the year		**2,128**	**8,560**

The notes on pages 22 to 34 form an integral part of the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2013

1. General information

The Company is a closed-end investment company incorporated on 18 March 2008 in the Isle of Man as a public limited company. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man. The Company is listed on the AIM market of the London Stock Exchange.

The Company and its subsidiaries (together the Group) invest in assets in the Indian infrastructure sector, with particular focus on assets and projects related to energy and transport.

The Company has no employees.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial statements were authorised for issue by the Board of Directors on 17 July 2013.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss are measured at fair value in the statement of financial position.

(c) Functional and presentation currency

These financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(e) Change in accounting policy

Accounting for investment in controlled portfolio entities

The Company has taken advantage of an early adoption of the amendments to the accounting standard IFRS 10: Consolidated Financial Statements, along with the consolidation suite of standards, namely IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (Revised) and IAS 28 (Revised).

The Company reports in accordance with IFRS as adopted by the EU, as required by the AIM rules. The amendments to IFRS 10 have not yet been endorsed by the EU. However, the Company has received derogation from AIM to enable it to early adopt the amendments.

The amendments to IFRS 10 require qualifying investment entities to account for its investments in controlled portfolio entities at fair value through profit or loss (FVTPL) in terms of IAS 39, instead of consolidating such entities. The early adoption of the amendments to IFRS 10 is applied retrospectively and accordingly the prior year Group figures have been restated.

The Group's net assets and profits before taxation for the prior year have increased by £15.3m and £13.6m respectively, and Net Asset Value per share has increased from £0.88 to £0.95 as a result of the restatement.

The change in accounting policy now means the Group net assets for the prior year are equal to the Company net assets as reported in that year's Annual Report and Accounts.

3. Summary of significant accounting policies

3.1 Basis of consolidation

As an investment entity under the terms of the amendments to IFRS 10 the Company is not permitted to consolidate its controlled portfolio entities. The consolidated financial statements incorporate the financial statements of the Company and the financial statements of the intermediate investment holding companies. Control is achieved where the Company has the power to govern the financial and operating policies of an entity company so as to obtain benefits from its activities.

The Directors consider the Company to be an investment entity as defined by IFRS 10 as it meets the following criteria as determined by the accounting standard:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

3.2 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Directors are of the opinion that the Group is engaged in a single segment of business being investment in infrastructure assets in one geographical area, being India.

3.3 Income

Dividend income from investments is recognised when the right to receive payment has been established, normally the ex-dividend date.

Interest income is recognised using the effective interest method.

3.4 Expenses

All expenses are accrued for on an accruals basis and are presented as revenue items except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds.

3.5 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sterling at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Sterling at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Sterling at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current year are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3.7 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

3.8 Investments

Investments of the Group where the Group does not have control are categorised as at fair value through profit or loss. They are measured at fair value. Unrealised gains and losses arising from revaluation are taken to the profit or loss.
The Group has taken advantage of an exemption in IAS 28, Investments in Associates, which permits investments in associates held by venture capital organisations, investment funds and similar entities to account for such investments at fair value through profit or loss.

The fair value of unquoted securities is estimated by the Directors using the most appropriate valuation techniques for each investment.

Securities quoted or traded on a recognised stock exchange or other regulated market are valued by reference to the last available bid price.

3.9 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.10 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

3.11 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.12 Share issue costs

The share issue costs of the Company directly attributable to the Placing that would otherwise have been avoided have been taken to the share premium account.

3.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved.

3.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3.15 Interest expense

Interest expenses for borrowings are recognised within "finance costs" in the statement of comprehensive income using the effective interest rate method.

Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements and which have not been early adopted:

New/Revised International Financial Reporting Standards (IAS/IFRS)	**EU Effective Date (accounting periods commencing on or after)**
Annual Improvements to IFRSs – 2009-2011 Cycle	Endorsed (27 March 2013)
Government loans – Amendments to IFRS 1	Endorsed (4 March 2013)
IFRS 13 Fair Value Measurement	Endorsed (11 December 2012)
Defined Benefit Plans – Amendments to IAS 19	Endorsed (5 June 2012).

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Endorsed (11 December 2012)
Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7	Endorsed (13 December 2012)
Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32	Endorsed (13 December 2012) Early adoption permitted to allow application of amendments at same time as first applying IFRS 10.
IFRS 9 Financial Instruments	Not yet endorsed. IASB effective date 1 January 2015
Recoverable amount disclosures for non-financial assets – Amendments to IAS 36	Not yet endorsed. IASB effective date 1 January 2014
IFRIC 21 Levies	Not yet endorsed. IASB effective date 1 January 2014
Continuing hedge accounting after derivative novations – Amendments to IAS 39	Not yet endorsed. IASB effective date 1 January 2014
IFRS 9 Financial Instruments	Not yet endorsed. IASB effective date 1 January 2015

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Risk management is carried out by the Board of Directors. The Board identifies and evaluates financial risks in close co-operation with the Asset Manager.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Indian Rupee ("INR"). Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

Net assets denominated in Indian Rupee at the year end amounted to £267 million (2012 restated: £215 million), representing the Group's investments in Indian Companies.

At 31 March 2013, had the exchange rate between the Indian Rupee and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £26.7 million (2012 restated: £21.5 million). This exposure is unhedged.

(ii) Market price risk

The Group is exposed to market risk arising from its investment in unlisted Indian infrastructure companies. These investments present a risk of capital loss. The Board is responsible for the selection of investments and monitoring exposure to market risk. All investments are in Indian infrastructure projects.

If the value of the Group's investment portfolio had increased by 5%, the Group's net assets would have increased by £13.3 million (2012 restated: £10.8 million). A decrease of 5% would have resulted in an equal and opposite decrease in net assets.

(iii) Cash flow and fair value interest rate risk and sensitivity

The Group's cash and cash equivalents are invested at short term market interest rates.

The table below summarises the Group's exposure to interest rate risks. It includes the Groups' financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities.

31 March 2013	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	266,500	266,500
Trade and prepayments	-	-	-	-	-	11	11
Cash and cash equivalents	2,128	-	-	-	-	-	2,128
Total financial assets	2,128	-	-	-	-	266,511	268,639
Financial liabilities							
Trade and other payables	-	-	-	-	-	1,321	1,321
Total financial liabilities	-	-	-	-	-	1,321	1,321
Total interest rate sensitivity gap	2,128	-	-	-	-	-	-

31 March 2012 (restated)	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	215,827	215,827
Trade and prepayments	-	-	-	-	-	22	22
Cash and cash equivalents	8,560	-	-	-	-	-	8,560
Total financial assets	8,560	-	-	-	-	215,849	224,409
Financial liabilities							
Trade and other payables	-	-	-	-	-	1,455	1,455
Loans and borrowings	-	-	15,615	-	-	-	15,615
Total financial liabilities	-	-	15,615	-	-	1,455	17,070
Total interest rate sensitivity gap	8,560	-	(15,615)	-	-	-	-

(b) Credit risk

Credit risk arises on investments, cash balances and debtor balances. The amount of credit risk is equal to the amounts stated in the statement of financial position for each of these assets. Cash balances are limited to high-credit-quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding.

Residual undiscounted contractual maturities of financial liabilities:

31 March 2013	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,321	-	-	-
Loans and borrowings	-	-	-	-	-	-
Total	-	-	1,321	-	-	-

31 March 2012 (restated)	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,455	-	-	-
Loans and borrowings	-	-	15,615	-	-	-
Total	-	-	17,070	-	-	-

5. Critical accounting estimates and assumptions

These disclosures supplement the commentary on financial risk management (see note 4).

Key sources of estimation uncertainty

Determining fair values

The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.8. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Critical judgements in applying the Company's accounting policies

Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed in accounting policy 3.8. The Company measures fair value using the following hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category included instruments valued using: quoted market prices in active markets for similar instruments: quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

The Group holds investments in several unquoted Indian infrastructure companies. The Directors' valuations of these investments, as shown in note 12, are based on a discounted cash flow methodology, prepared by the Company's Asset Manager (Guggenheim Franklin Park Management).

The methodology is principally based on company-generated cash flows and observable market data on interest rates and equity returns. The discount rates are determined by market observable risk free rates plus a risk premium which is based on the phase of the project concerned.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurements are categorised:

	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss (note 12)			
Shree Maheshwar Hydel Power Corporation Ltd	-	-	34,011
Western MP Infrastructure & Toll Road Pvt. Ltd	-	-	25,311
India Hydropower Development Company, LLC	-	-	25,108
Vikram Logistic and Maritime Services Private Ltd	-	-	167,659
Indian Energy Limited	-	-	14,411
	-	-	266,500

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

	£'000
Fair value brought forward (restated)	215,827
Movement in fair value	28,737
Additional capital injected	21,936
Fair value at year end	266,500

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £29.0 million (2012: £5.0 million).

6. Other administration fees and expenses

	2013 Group £'000	**Restated 2012 Group** £'000
Audit fees	84	67
Legal fees	302	475
Corporate advisory services	126	62
Public relations fees	17	68
Other consultancy fees	243	816
Other professional costs	35	89
Administration fees	170	106
Directors' fees (note 17)	260	282
Insurance costs	12	12
Other costs	250	274
	1,499	2,251

7. Investment management, advisory and valuation fees and performance fees

On 16 May 2012 the Company entered into a revised management arrangement with Guggenheim Franklin Park Management, LLC (the "Asset Manager" or "GFPM") and Akur Partners LLP ("Akur"). Under the terms of the revised agreement, GFPM is now the exclusive provider of asset management and related services contracted to the Group, with an annual management fee of 2% of the value of the Group's assets from time to time which equates to the aggregate fees payable under the terms of the Management Services Agreement and the Valuation and Portfolio Services Agreement for the current financial period. All other material terms of the Management Services Agreement remain the same. Other service providers may be sub-contracted to the

Asset Manager as needed and, pursuant to this, the Valuation and Portfolio Services Agreement between Akur and the Group has been acquired by the Asset Manager.

Fees for the period ended 31 March 2013 were £4,263,000 (31 March 2012: £2,815,000). There were no performance fees payable during the year (31 March 2012: nil).

The Board evaluates the probability of performance fees being payable on all group investments at each reporting period end and makes provision based on the estimated ultimate outcome at that time.

8. Finance costs

	2013 £'000	2012 £'000
Loan interest expense (note 19)	1,774	172
	1,774	172

9. Taxation

There is no liability for income tax in the Isle of Man. The Company is subject to tax at a rate of 0%.

The Group is subject to income tax in Mauritius at the rate of 15% on the chargeable income of Mauritian subsidiaries. They are, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and a deemed credit of 80% of the Mauritian tax on their foreign source income. No provision has been made in the accounts due to the availability of tax losses.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2013 £'000	Restated 2012 £'000
Profit attributable to shareholders (£ thousands)	20,786	791
Weighted average number of ordinary shares in issue (thousands)	293,779	182,449
Basic and diluted earnings per share (pence)	7.1p	0.4p

There is no difference between basic and diluted earnings per share.

11. Investments in subsidiaries

Since incorporation, for efficient portfolio management purposes, the Company has established or acquired the following subsidiary companies split by companies that are consolidated and companies that are held at fair value through profit or loss in line with the revised accounting standard IFRS 10 (see note 3.1):

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest**
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Roads Infrastructure India	Mauritius	100%
Power Infrastructure India (Two) (previously Roads Infrastructure India (Two))	Mauritius	100%
Distribution and Logistics Infrastructure India	Mauritius	100%
Non-consolidated subsidiaries held at fair value through profit or loss		
Vikram Logistic and Maritime Services Private Limited sub group (VLMS):		
Vikram Logistic and Maritime Services Private Limited	India	99.9%
Freightstar Private Limited	India	99.9%

Indian Energy Limited sub group (IEL):

Indian Energy Limited	Guernsey	100%
Indian Energy Mauritius	Mauritius	100%
Indian Energy Management	United Kingdom	100%
Belgaum Wind Farms Pvt	India	100%
iEnergy Wind Farms (Theni) Pvt	India	100%
iEnergy Renewables Pvt	India	100%

Support arrangements

The Company entered into a loan facility agreement with IEL on 28 October 2011. The facility agreement, as amended by the amendment agreement on 2 May 2012, allows IEL to drawdown a maximum of £3,627,901, which is fully drawn down as at 31 March 2013, with interest applied at the Bank of England base rate plus margin of 3%. The loan facility has a maturity date of 30 September 2016 and is unsecured. Accrued interest at 31 March 2013 amounted to £181,609.

12. Investments – designated at fair value through profit or loss

At 31 March 2013, the Group held five investments in unlisted equity securities. Four of the investments are held by the Company's wholly owned subsidiaries in Mauritius and one is held directly by the Company.

The investments are recorded at fair value as follows:

	SMHPCL	WMPITRL	IHDC	VLMS	IEL	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 31 March 2013						
Fair value brought forward	34,717	28,981	25,411	114,909	11,809	215,827
Additional capital invested	-	-	1,019	20,623	294	21,936
Fair value adjustment	(706)	(3,670)	(1,322)	32,127	2,308	28,737
Balance as at 31 March 2013	34,011	25,311	25,108	167,659	14,411	266,500
Year ended 31 March 2012 (restated)						
Fair value brought forward	21,380	29,400	25,751	34,810	-	111,341
Additional capital invested	16,500	-	330	69,915	-	86,745
Purchase of investment	-	-	-	-	11,809	11,809
Fair value adjustment	(3,163)	(419)	(670)	10,184	-	5,932
Balance as at 31 March 2012	34,717	28,981	25,411	114,909	11,809	215,827

(i) Shree Maheshwar Hydel Power Corporation Ltd ("SMHPCL")
(ii) Western MP Infrastructure and Toll Road Pvt Ltd ("WMPITRL")
(iii) India Hydropower Development Company LLC ("IHDC")
(iv) Vikram Logistic and Maritime Services Private Limited ("VLMS")
(v) Indian Energy Limited ("IEL")

All investments have been fair valued by the Directors as at 31 March 2013 using discounted cash flow techniques, as described in note 5. The discount rate adopted for the investments is the risk free rate (based on the Indian government 9-10 year bond yields) plus a risk premium of 3% for WMPITRL, 6% for SMHPCL, 3.60% for IHDC, 6.63% for VLMS and 2% for IEL.

13. Debtors and prepayments

	2013 £'000	Restated 2012 £'000
Trade debtors	-	5
Prepayments and other debtors	11	17
	11	22

14. Share capital

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2012	218,760,882	2,188	188,757
Issued during the year	123,899,118	1,239	37,954
Balance at 31 March 2013	342,660,000	3,427	226,711

Company has authorised share capital of 350,000,000 ordinary shares of £0.01 each.

During the year the Company issued 123,899,118 new ordinary shares in order to raise new capital to help fund the on-going working capital needs of the Group. The new equity was purchased by various existing shareholders, including by an affiliate of GGIC, and helped to raise new capital of £39.2m after issuance expenses.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Group's affairs to achieve shareholder returns through capital growth and income.

Group capital comprises share capital and reserves.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15. Warrants

In June 2008 the Company issued 7,340,000 warrants pursuant to the initial placing in June 2008 (one warrant for every five ordinary shares issued). The warrants entitled the holder to subscribe for one Ordinary Share of one penny in the Company at any time in the five years from the initial placing, at an exercise price of £1 each. As of 28 June 2013 these warrants lapsed and were no longer admissible to trading on AIM, being the last trading day prior to the expiry of the Warrants.

16. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2013:

	2013	2012	
Vikram Viswanath	42,488,993	54,988,993	Ordinary Shares
Timothy Walker	181,667	51,364	Ordinary Shares
Sonny Lulla	350,000	-	Ordinary Shares

Tom Tribone is the president and CEO of GGIC Ltd (formerly Guggenheim Global Infrastructure Company Limited) ("GGIC"), and Robert Venerus and Sonny Lulla are Senior Vice Presidents of GGIC. GGIC has an interest in 175,324,980 shares in the Company, being 51.17% of the issued share capital of the Company.

Details of the Directors' remuneration in the year are as follows:

	2013	2012
	£'000	£'000
Rupert Cottrell (resigned 1 December 2011)	-	138
Rahul Sonny Lulla (CEO)	-	-
Timothy Walker (£90k annual fee from 1 July 2012)	80	50
Tom Tribone	-	-
Madras Seshamani Ramachandran (£90k annual fee rom 1 July 2012)	80	16
Vikram Viswanath	50	28
Timothy Stocks	50	50
Robert Venerus	-	-
	260	282

17. Trade and other payables

		Restated
	2013	2012
	£'000	£'000
Trade payables	1,204	421
Accruals and other payables	117	1,034
	1,321	1,455

18. Related party transactions

Management services

As described in note 7, GFPM is party to a Management Services Agreement with the Company. The executive management team of GFPM consists of Tom Tribone, Robert Venerus and Sonny Lulla, who are also directors of the Company. Furthermore, GGIC (as described above) has a controlling interest in GFPM, and as described in note 16, Tom Tribone is the president and CEO of GGIC and Sonny Lulla and Robert Venerus are Senior Vice Presidents of GGIC. .

Fees payable to GFPM in respect of management services for the year ending 31 March 2013 amounted to £4,263,000 (2012: £2,815,000). The amount of management fees outstanding as at 31 March 2013 amounted to £1,071,000).

Loan repayment

During the period the Company repaid in full its loan with GGIC amounting to £17.4m, which included interest accrued of £1.8m (2012: £0.2m).

Legal fees

Tim Stocks was appointed a Director of the Company on 3 March 2011. He is also a member of Taylor Wessing LLP who act as legal adviser to the Company. Legal fees paid to Taylor Wessing for year ended 31 March 2013 were £75,157 (2012: £334,940).

19. Net Asset Valuation (NAV)

The NAV per share is calculated by dividing the net assets attributable to the equity holders of the Company at the end of the period by the number of shares in issue.

		Restated
	2013	2012
	£'000	£'000
Net assets (£'000)	267,318	207,339
Number of shares in issue (note 15)	342,660,000	218,760,882
NAV per share	£0.78	£0.95

20. Subsequent events

Working capital loan facility
On 8 April 2013, the Company entered into a working capital loan facility agreement with GGIC Ltd (formerly Guggenheim Global Infrastructure Company Limited) ("GGIC") for up to US$17 million.

Under the Facility the Company may request one or more loans in a number of advances of no less than US$4 million each. The proceeds of the Loans may be utilised to fund the costs and expenses associated with the management of IIP and its non-Indian subsidiaries, and to pay the interest and other expenses associated with the Facility. The Loans are available to the Company until 10 April 2016.

The Loans are repayable on 10 April 2017 and attract an interest rate of 7.5% per annum, payable semi-annually during the Facility period. An arrangement fee of US$170,000 is payable in respect of the Facility and an additional commitment fee, payable semi-annually in arrears, of 0.5% per annum is payable on the available, but undrawn, portion of the Facility.

Lapse of warrants
As mentioned in note 16, as of 28 June 2013 the Company's warrants expired. The warrants admission to trading on AIM was cancelled on 1 July 2013.

21. Ultimate controlling party

The ultimate controlling party during the period was GGIC.

Company Information

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Incorporated in the Isle of Man. Company No. 002457V

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Rahul Sonny Lulla
Timothy Walker
Robert Venerus
Timothy Stocks
Madras Seshamani Ramachandran
Vikram Viswanath

Company Secretary
Philip Scales

Administrator and Registrar
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