Infrastructure India plc

Interim results
for the six months ended 30 September 2013

Infrastructure India plc, an AIM listed infrastructure fund investing directly into assets in India, is pleased to announce its interim results for the six months ended 30 September 2013.

Financial Performance

- Value of the Group's investments decreased 17 per cent to £221.0 million
- NAV decreased 19 per cent. to £216.7 million (£267.3 million March 2013; £237.3 million September 2012)
- NAV per share was £0.63 as at 30 September 2013 (£0.78 at 31 March 2013)
- Significant depreciation of the Indian Rupee against the Pound Sterling and an increase in the Indian risk free rate had a 19 per cent negative impact on the NAV
- Depreciation of the Indian Rupee against Sterling resulted in an approximate £49.4 million (23 per cent) negative impact on the aggregate value of the portfolio holdings

Significant Developments

- Change in INR:GBP exchange rate from 82.56 at 31 March 2013 to 101.17 at 30 September 2013 and an increase in the Indian risk-free rate from 7.96 per cent to 8.76 per cent were the principal drivers of NAV;
- Vikram Logistics and Maritime Services Private Limited ("VLMS") continues to face difficulty in obtaining disbursement of approved debt which has impacted construction timelines, however, at the half year, the site at Nagpur and land acquisition at Palwal were substantially complete;
- The key stakeholders of Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL") continued discussions with respect to a restructuring and eventual completion of the project;
- IIP's road, wind and small hydro businesses performed largely in-line with expectations;
- A continuation vote was proposed in accordance with the Articles of Association at the Annual General Meeting in September and it was resolved that the Company would continue in its current form for a further five years.

Post period end

- A recent meeting of SMHPCL stakeholders in October resolved that the lead lender would complete analysis and recommendations for deliberation by the Government committee overseeing the project. Should these recommendations be acceptable to all stakeholders, a formal directive would be issued for implementation.

Commenting on the results, Tom Tribone, Chairman of IIP, said:

"This continues to be a challenging time for Indian infrastructure businesses. New capital is scarce and expensive. During this period, while allowing for the impact of currency and bond rates, the intrinsic value of our business has been maintained."

Commenting on the year and outlook, Sonny Lulla, Chief Executive of IIP, said:

"We rely on debt financing for the completion of two of our key projects, VLMS and SMHPCL, and the Indian debt financing market continues to deteriorate. Despite the headwinds, our operational businesses have performed well, and we are confident of meaningful progress in our construction portfolio in the months ahead."

JOINT STATEMENT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OF INFRASTRUCTURE INDIA PLC

We are pleased to report the results for the six-month period ended 30 September 2013 on behalf of Infrastructure India plc ("IIP", the "Company", or the "IIP Group").

Net Asset Value has decreased to £216.7 million (£0.63/share) driven principally by significant devaluation of the Indian Rupee against the Pound Sterling coupled with an increase in the Indian risk free rate.

It continues to be a challenging business environment for Indian infrastructure, compounded by a slowdown in growth, a difficult credit market, and record lows for the Rupee. Uncertainty around policy and fiscal reforms are likely to remain at least until after the elections next calendar year.

Against this backdrop, IIP managed to maintain its underlying momentum. Despite continued delays in debt release, VLMS expects to soon be operating its first terminal at Nagpur and we remain confident that an effective solution to the financing problems of the company will be found. The road and small hydro businesses performed as expected and SMHPCL discussions, whilst frustratingly slow, appear to be moving forward.

Financial performance and investment update

The value of IIP's investments in its subsidiaries decreased from £266.5 million to £221.0 million during the period. Currency rates had the most significant impact on the GBP valuation of the IIP assets and the Indian Rupee depreciated substantially during the period and continues to be extremely volatile. At the end of the reporting period INR per GBP was 101.17 against 82.56 at 31 March 2013. The risk-free rate, based on the Indian 10-year bond, increased from 7.96 per cent at the year-end in March, to 8.76 per cent at 30 September 2013.

Transport

VLMS, the largest holding in the IIP portfolio, is creating a leading national, integrated transportation and cargo terminal network. During the period, VLMS continued to face frustrating delays in disbursement of approved debt from public sector banks and although management expect funds to be progressively released, it has slowed construction work at terminals and tightened working capital. In spite of this, the terminal at Nagpur is substantially complete and we anticipate operations will begin early in the new calendar year. Progress also continues with the acquisition of the remaining land at Palwal now also substantially complete. The management team continue to actively manage liquidity and explore alternative options to the current debt facilities.

WMPITRL has seen a rebound in traffic growth, with performance towards the end of the period particularly strong. Revenue was up 7.4% year-on-year. The management team plan to take additional steps to reduce toll slippage in the coming twelve months, which include installing weighbridges and an additional check-post. We continue to take a conservative view of traffic growth assumptions to reflect the recent economic slowdown.

Energy

IHDC has also performed relatively well following steady rainfall in Maharashtra and Himachal Pradesh during the monsoon period, offsetting slower first quarter production. There were six operating plants during the period, including Panwi, a 4 MW project in Himachal Pradesh commissioned in April 2013. Construction remains on-track at Raura and an upward capacity revision at Melan is progressing as anticipated.

IEL electricity generation during the monsoon period was roughly as expected at Gadag which achieved P75 production despite substation maintenance and shutdown during the month of June. However, persistent grid availability issues at Theni, resulted in sub-P90 production during the monsoon period. The Government of Tamil Nadu is strengthening grid infrastructure and implementing the enforcement of power scheduling regulations which are expected to improve grid stability and start to minimise disruptions. The tariff at Theni, which moved to a group captive arrangement in July 2012, has increased by over 6% in the past year.

The Ministry of Finance is guiding discussions among stakeholders of SMHPCL to establish implementable options for completing the project. In October, it was resolved that the lead lender would complete analysis and recommendations for the Government committee overseeing these deliberations. Should these recommendations be acceptable to all stakeholders, a formal directive would be issued for implementation. There is no guidance as yet on this outcome or the timing.

Company liquidity and financing

In April, IIP announced that it had entered into a working capital loan facility with GGIC Ltd. for up to US$17 million, allowing the Company to focus on developing its existing portfolio. As of the date of these results US$9 million of this facility has been drawn down. The Company has approximately US$2 million in cash balances.

A continuation vote was proposed in accordance with the Articles of Association at the Annual General Meeting in September and it was resolved that the Company would continue in its current form for a further five years when a similar resolution will be proposed. The asset management arrangements were also extended at this time.

Tom Tribone & Sonny Lulla
December 2013

REVIEW OF INVESTMENTS

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	Nil		
Valuation as at 30 Sep 2013	**£146.4 million**		
Project Debt:Equity	65:35		

Key developments

- Significant progress at Nagpur terminal with construction nearing completion. Subject to remaining debt disbursements, the management expects commercial operations to commence from early 2014.
- Registration of remaining land at Palwal substantially completed.
- Delays in fund disbursements by lender consortia continue to hamper progress at the company's project sites.
- The company is facing liquidity constraints due to delays in commissioning of terminals. Various efforts are under way to address the company's financial constraints.

Investment details

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 container freight transportation by rail and road, customs clearing and handling, and bonded warehousing. It is constructing four large container terminals in Nagpur, Bangalore, Chennai, and Palwal (in the National Capital Region).

Developments

Since 31 March 2013, VLMS' two lender consortia have only disbursed approximately 35 per cent of the approved debt funds available for construction of the company's new terminal projects. Despite the constraints resulting from such limited disbursements, the company has achieved significant progress on construction at Nagpur and the registration of remaining land at Palwal. VLMS management expects to complete these activities and commence commercial operations at Nagpur early in the new calendar year, subject to receiving available debt funds. The continuing delays and the slow pace of these disbursements continue to hamper VLMS' ability to complete construction and commence operation at its remaining terminal projects, each of which is expected to be a critical profit driver. As a consequence of these delays, a need to keep servicing the project loans on a current basis, and ongoing operational expenses, the company's current liquidity position is significantly strained. VLMS management is actively following up with individual lenders of each of its two consortia to resolve specific issues with each lender in an attempt to expedite the release of funds. In a separate effort, VLMS is pursuing alternative financing options to resolve these constraints and improve the company's liquidity position.

Valuation

In accordance with the Company's stated valuation methodology, as at 30 September 2013, VLMS was valued at £146.4 million. The valuation model was adjusted by assuming delayed commercial operation dates for terminals to account for delays in disbursement of debt and the subsequent impact on project execution and financing requirements. Based on the recent data on container volumes at specific locations, volume and market share assumptions were also adjusted to reasonably reflect current economic and market conditions. Despite progress achieved at Nagpur, the composite risk premium of 6.6 per cent (computed on the basis of additional premia assigned to the various risks associated with the project over and above IIP's stated criteria) has been retained.

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 Infra Projects Limited (“Essel” or “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 30 Sep 2013	**£20.6 million**		
Project Debt:Equity	68:32		

Key developments

- Despite a slow start early in the fiscal year, toll revenue increased more than 15 per cent year-on-year in the months of August and September 2013. The total toll revenue for the reporting period increased by 7.4 per cent over the corresponding period last year.
- Toll data for the month of October 2013 suggests continuation of the trend.

Investment details

WMPITRL 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. The Company invested in the toll road asset through its wholly-owned subsidiary, Roads Infrastructure India (RII).

Project update

Despite slower than expected economic activity in the country, during the reporting period, revenue from the toll road increased by 7.4 per cent year-on-year to INR 546 million. Revenues from the toll road increased significantly during the months of August and September 2013 (over 15 per cent higher than the corresponding period in 2012). Toll data for October 2013 shows 11.4 per cent year-on-year growth in toll revenue suggesting a continuation of the trend. Steps being taken by WMPITRL management, which include the installation of several weighbridges to monitor overloaded commercial vehicles, are expected to further streamline operations and improve tolling at the asset.

Valuation

As of June 2013, the asset has been fully operational (both TP1 and TP2) for more than two years. In accordance with IIP’s stated methodology, a 2 per cent risk premium was applied over the risk free rate of 8.76 per cent. To account for the current uncertain macro-economic environment, short term and long-term traffic growth assumptions were lowered from the assumptions used as at 31 March 2013, consistent with revised GDP growth estimates by international financial institutions such as the World Bank and the International Monetary Fund. As at 30 September 2013, the asset is valued at £20.6 million. The lower valuation is largely reflective of the negative impact from the depreciation of the Indian Rupee.

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 30 Sep 2013	**£23.6 million**	
Project Debt:Equity	80:20	

Key developments

- The project is in the process of corporate debt restructuring and remains under the guidance of the Ministry of Finance
- Lead lender completing analysis for recommendations acceptable to all stakeholders that would enable the project to complete

Investment details

SMHPCL 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, secured by a certain number of escrowed shares in SMHPCL.

Current status of the project and financing update

Guided by the Government of India's Ministries of Finance and Power, various stakeholders to the project including inter alia, the project lenders, Madhya Pradesh Power Management Corporation, the equipment supplier BHEL, and SMHPCL have continued discussions aimed at establishing the parameters under which the project debt can be restructured and additional funds invested to complete the remaining rehabilitation and construction activities and commence commercial operations. These discussions are being overseen by the Project Management Group constituted by the Government of India to expedite the completion of stalled projects in the country. In late October, during a meeting of the Project Management Group, it was resolved that the lead lender would complete its analysis and recommend a viable combination of parameters acceptable to all stakeholders for implementation. The analysis is currently under preparation and it is anticipated that recommendations arising out of the analysis will be deliberated by the committee which would then issue a formal directive for implementation by each of the stakeholders.

SMHPCL management expects that following the issuance of this directive and the consequent infusion of funds, the remaining rehabilitation and construction activities can quickly commence. Based on discussions with the supplier and contractor, management anticipates commencing initial commercial operations with the ready turbines and full commercial operations approximately sixteen months after funding.

Valuation

As a result of the ongoing delays and uncertainty associated with the final parameters to be included in the formal directive from the Government committee and also the schedule for its issuance, several additional conservative assumptions have been incorporated into the valuation of the asset. The value for the SMHPCL investment as at 30 September 2013 is £23.6 million (31 March 2013 - £35 million, 30 September 2012 - £35.9 million). Although much of this decline is attributable to currency devaluation, other contributing factors include the increase in the risk-free rate, additional delays, and increased project cost.

India Hydropower Development Company LLC (“IHDC”)

Description	A company that develops, owns and operates small hydropower projects with six fully operational plants (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	Nil		
Valuation as at 30 Sep 2013	**£19.2 million**		
Project Debt:Equity	62:38		

Key developments

- Due to consistent and steady rainfall in Maharashtra and Himachal Pradesh, IHDC generated 67.6 MUs during the monsoon period against 48 MUs during the same period in 2012
- IHDC’s 8 MW Raura project on-track for delivery in 2017

Investment details

The IHDC portfolio currently includes six fully operational projects, totalling 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 an additional 24 MW 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.

Project update

IHDC generated 67.6 GWh during the monsoon period (a 42 per cent increase) against 48 GWh during the same period in 2012. This increased monsoon production has offset low production observed during the first quarter of fiscal year 2013- 2014.

Maharashtra

IHDC’s projects in Maharashtra have been operating as expected; the generation at Bhandardara and Darna projects was higher than the previous year due to consistent and steady monsoon rainfall in the state. Overall, the production from these three projects was approximately 45.6 GWh during the monsoon period (a 35 per cent increase) against 33.7 GWh during the same period in 2012.

Madhya Pradesh

The Birsinghpur project, located on the cooling water return canal in the Sanjay Gandhi Thermal Power Station in Madhya Pradesh, produced 7.6 GWh between April and September 2013. The project continues to operate as expected.

Himachal Pradesh

IHDC’s 4.5 MW Sechi hydropower project generated 14.7 GWh between April and September 2013 against 12.6 GWh during the same period in 2012, on account of better rainfall this year. The 4 MW Panwi hydropower project, commissioned in May 2013, was marginally affected by silting caused by the torrential rains in Himachal Pradesh in June 2013, although this did not have any material impact on the project.

The 8 MW Raura project had some work disruptions during the period with repairs to the access road and work stoppages by villagers, which are in the process of being resolved. Based on the progress already achieved, IHDC management expects to complete construction and achieve commercial operations by early 2017. Construction is funded from free cash flow from IHDC’s operational projects.

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 8.76 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 30 September 2013 is £19.2 million (31 March 2013 - £25.1 million, 30 September 2012 - £24.4 million).

Indian Energy Limited ("IEL")

Description	An independent power producer focused on renewable energy, 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	Nil	
Valuation as at 30 Sep 2013	**£11.2 million**	
Project Debt:Equity	60:40	

Key developments

- Persistent grid availability issues in Tamil Nadu are finally being addressed by the State with commencement of strengthening of grid infrastructure
- Enforcement of power scheduling regulations being phased in over two years
- The tariff at Theni has increased over 6 per cent year-on-year

Investment details

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

Project update

Generation from IEL's 24.8 MW Gadag project in Karnataka was at the P75 level during the 2013 monsoon period (June-October), whereas persistent grid availability issues affected the 16.5 MW Theni project in Tamil Nadu between April and September.

The Government of Tamil Nadu, through TNEB Limited, is currently in the process of strengthening the grid infrastructure and enforcing power scheduling regulations to resolve the grid stability issues and minimise future disruptions in power generation. These improvements are expected to progressively go into effect within 2-3 years.

In May 2013, IEL successfully negotiated a 6 per cent tariff increase to Rs. 5.58 per kWh at its Theni Project. Currently, Theni sells power to four industrial customers under the Group Captive Scheme in the nearby industrial belt.

Valuation

As at 30 September 2013, the IEL assets were valued in accordance with the Company's stated valuation methodology by applying a 2 per cent risk premium above the risk-free rate of 8.76 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 value for the IEL investment as at 30 September 2013 is £11.15 million (31 March 2013 - £14.41 million, 30 September 2012 - £13.87 million). The principal reason for the decrease in value is the devaluation of the Indian Rupee and an increase in the risk-free rate.

Consolidated Statement of Comprehensive Income
for the period ended 30 September 2013

	Note	(Unaudited) 6 months ended 30 September 2013	(Unaudited) 6 months ended 30 September 2012 Restated	(Audited) Year ended 31 March 2013
		£'000	£'000	£'000
Interest income on bank balances		1	3	9
Movement in fair value on investments at fair value through profit or loss	10	(47,568)	(4,340)	28,737
Foreign exchange gain/(loss)		175	(199)	(424)
Asset management and valuation services	8	(2,439)	(1,969)	(4,263)
Other administration fees and expenses	7	(626)	(934)	(1,499)
Operating profit		(50,457)	(7,439)	22,560
Finance costs	14	(138)	(1,774)	(1,774)
Profit before taxation		(50,595)	(9,213)	20,786
Taxation		-	-	-
Profit for the year		(50,595)	(9,213)	20,786
Other comprehensive income		-	-	-
Total comprehensive income		(50,595)	(9,213)	20,786
Basic and diluted earnings per share (pence)	9	(14.8)p	(3.8)p	7.1p

The Directors consider that all results derive from continuing activities.

The notes below form an integral part of the financial statements.

Consolidated Statement of Financial Position
as at 30 September 2013

	Note	(Unaudited) 6 months ended 30 September 2013	(Unaudited) 6 months ended 30 September 2012 Restated	(Audited) Year ended 31 March 2013
		£'000	£'000	£'000
Non-current assets				
Investments at fair value through profit or loss	10	220,996	222,727	266,500
Total non-current assets		220,996	222,727	266,500
Current assets				
Debtors and prepayments		51	33	11
Cash and cash equivalents		451	15,969	2,128
Total current assets		502	16,002	2,139
Total assets		221,498	238,729	268,639
Liabilities				
Current liabilities				
Trade and other payables		(1,547)	(1,410)	(1,321)
Total current liabilities		(1,547)	(1,410)	(1,321)
Non-current liabilities				
Loans and borrowings	14	(3,228)	-	-
Total non-current liabilities		(3,228)	-	-
Total liabilities		(4,775)	(1,410)	(1,321)
Net assets		216,723	237,319	267,318
Equity				
Ordinary shares	11	3,427	3,427	3,427
Share premium	11	226,711	226,711	226,711
Retained earnings		(13,415)	7,181	37,180
Total equity		216,723	237,319	267,318

These financial statements were approved by the Board on 9 December 2013 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated Statement of Changes in Equity
for the period ended 30 September 2013

	Share capital £'000	Share premium £'000	Translation reserve £'000	Retained profit £'000	Total £'000
Balance at 1 April 2012 (as previously stated)	2,188	188,757	(2,376)	3,495	192,064
Adjustment to measure controlled investee companies at fair value	-	-	2,376	12,899	15,275
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 (restated)	**-**	**-**	**-**	**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 (restated)	**3,427**	**226,711**	**-**	**37,180**	**267,318**
Balance at 1 April 2013 (restated)	3,427	226,711	-	37,180	267,318
Total comprehensive income for the year					
Profit for the year	-	-	-	(50,595)	(50,595)
Total comprehensive income for the year	**-**	**-**	**-**	**(50,595)**	**(50,595)**
Balance at 30 September 2013	**3,427**	**226,711**	**-**	**(13,415)**	**216,723**

The notes below form an integral part of the financial statements.

Consolidated Statement of Cash Flows
for the period ended 30 September 2013

	Note	(Unaudited) 6 months ended 30 Sep 2013	(Unaudited) 6 months ended 30 Sep 2012	(Audited) Year ended 31 Mar 2013
			Restated	
	Note	2013	2012	2013
		£'000	£'000	£'000
Cash flows from operating activities				
Profit for the year		(50,595)	(9,212)	20,786
Adjustments:				
Interest income on bank balances		(1)	(3)	(9)
Finance costs		138	1,774	1,774
Movement in fair value on investments at fair value through profit or loss	10	47,568	4,340	(28,737)
Foreign exchange (gain) / loss		(175)	(198)	424
		(3,065)	(3,299)	(5,762)
Increase / (decrease) in creditors and accruals		227	(47)	(134)
(Increase) / decrease in debtors and prepayments		(40)	(11)	11
Net cash utilised by operating activities		**(2,878)**	**(3,357)**	**(5,885)**
Cash flows from investing activities				
Purchase of investments	10	(2,064)	(11,240)	(21,936)
Interest received		1	3	9
Cash utilised by investing activities		**(2,063)**	**(11,237)**	**(21,927)**
Cash flows from financing activities				
Proceeds from issue of shares (less share issue costs)		-	39,193	39,193
Loans received		3,089	-	-
Loans repaid		-	(15,615)	(15,615)
Loan interest repaid		-	(1,774)	(1,774)
Net cash generated from financing activities		**3,089**	**21,804**	**21,804**
(Decrease) / increase in cash and cash equivalents		**(1,852)**	**7,210**	**(6,008)**
Cash and cash equivalents at the beginning of the year		2,128	8,560	8,560
Effect of exchange rate fluctuations on cash held		175	198	(424)
Cash and cash equivalents at the end of the year		**451**	**15,968**	**2,128**

The notes below form an integral part of the financial statements.

Selected notes to the interim consolidated financial statements
for the six months ended 30 September 2013

1. General information

The Company was incorporated as Infrastructure India plc on 18 March 2008 in the Isle of Man under the Companies Acts 2006 with registration number 002457V. It was admitted to the London Stock Exchange's Main Market on 30 June 2008 and, subsequently, on 16 November 2010 transferred to the AIM market of the London Stock Exchange.

The interim consolidated financial statements of the Company as at and for the six months ended 30 September 2013 comprise of the Company and its subsidiaries (together "the Group"). The interim consolidated financial statements are unaudited.

The principal activity of the Group is investment in assets in the Indian infrastructure sector, with particular focus on assets and projects related to energy and transport.

The Group had 141 full time employees and 265 contract employees, made up of 7 full time and 1 contract working for Indian Energy Limited and its subsidiaries and 134 full time and 264 contract working for Vikram Logistics and Maritime Services Private Limited.

The consolidated financial statements of the Group as at and for the year ended 31 March 2013 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP or at www.iiplc.com.

2. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2013.

These interim consolidated financial statements were approved by the Board of Directors on 9 December 2013.

3. 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). This accounting policy change is consistent with those applied at year ended 31 March 2013.

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 period Group figures have been restated.

The Group's net assets and losses before taxation for the prior period have increased by £14.8m and £0.5m respectively, and Net Asset Value per share has increased from £0.65 to £0.69 as a result of the restatement.

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

4. Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements, including the change in accounting policy as described in note 3, are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2013.

5. Critical accounting estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2013.

During the six months ended 30 September 2013 management reassessed its estimates in respect of:

(a) Estimate of fair value of unquoted investments

The Group holds partial ownership interests in unquoted Indian infrastructure companies or groups of companies. The Directors' valuations of these investments, as shown in note 10, are based on a discounted cash flow methodology, prepared by the Company's Valuation and Portfolio Services Adviser.

(b) Estimate of fair value of subsidiaries

As described in note 4, the Company's investment in subsidiaries have been fair valued in the Company Statement of Financial Position. Their valuation is arrived at by applying the unquoted investment valuation referred to above to their respective net assets.

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.

6. Financial risk management policies

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2013.

7. Other administration fees and expenses

	(Unaudited)	(Unaudited)	(Audited)
	6 months ended 30 September 2013 £'000	6 months ended 30 September 2012 £'000	Year ended 31 March 2013 £'000
Audit fees*	30	58	84
Legal fees	39	261	302
Loan arrangement fee (see note 14)	111	-	-
Corporate advisory fees	61	26	126
Public relations fees	6	8	17
Consultancy fees	64	145	243
Other professional costs	12	95	35
Administration fees	60	56	170
Directors' fees	140	120	260
Insurance costs	6	6	12
Other costs	97	159	250
	626	934	1,499

7. Other administration fees and expenses (continued)

*Audit fees represent auditors' remuneration for work undertaken in connection with the statutory audit of the Group's financial statements.

8. 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 per cent. of the value of the Group's assets from time to time. On 26 September 2013 the management agreement was extended by three and a half years, to expire not earlier than September 2020. All other material terms remain the same.

Fees for the period ended 30 September 2013 were £2,439,000 (31 March 2013: £4,263,000). There were no performance fees paid 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.

9. Basic and diluted loss per share

The basic and diluted earnings per share is calculated by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

There are no dilutive potential ordinary shares and therefore diluted loss per share is the same as basic loss per share.

	Group 30 September 2013	Group 30 September 2012 Restated
Loss (£ thousands)	(50,595)	(9,213)
Weighted average number of shares (thousands)	342,660	245,166
Basic and diluted loss per share (pence)	(14.8)	(3.8)

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

Investments, consisting of unlisted equity securities, are recorded at fair value as follows:

	SMHPCL £'000	WMPITRL £'000	VLMS £'000	IHDC £'000	IEL £'000	Total £'000
Balance at 1 April 2012	34,717	28,981	114,909	25,411	11,809	215,827
Additional capital injection	-	-	20,623	1,019	294	21,936
Fair value adjustment	(706)	(3,670)	32,127	(1,322)	2,308	28,737
Balance as at 31 March 2013	34,011	25,311	167,659	25,108	14,411	266,500
Additional capital injection	-	-	2,064	-	-	2,064
Fair value adjustment	(10,379)	(4,721)	(23,283)	(5,928)	(3,257)	(47,568)
Balance as at 30 September 2013	23,632	20,590	146,440	19,180	11,154	220,996

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

The investments have been fair valued by the Directors as at 30 September 2013 using discounted cash flow techniques, as described in note 5. The discount rate adopted for all investments is the single "construction period" discount rate, which consists of the risk free rate of 8.76% (31 March 2013: 7.96%) plus a risk premium of 6.00% (31 March 2013: 6.00%) for SMHPCL, 2.00% (31 March 2013: 3.00%) for WMPITRL, 6.58% (31 March 2013: 6.63%) for VLMS, 3.60% (31 March 2013: 3.60%) for IHDC and 2.00% (31 March 2013: 2.00%) for IEL.

10. Investments – designated at fair value through profit or loss (continued)

During the period the Company's investments have been adversely affected by the weakening of the Indian Rupee against the British Pound. The GBP:INR foreign exchange rate has moved from 82.56 as at 31 March 2013 to 101.17 as at 30 September 2013, representing a 22% movement. Had the GBP:INR rate remained consistent during the current financial period, the net asset value and comprehensive income of the Group would have increased by £49.4m.

11. Share capital and share premium

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2013	342,660,000	3,427	226,711
Issued during the period	-	-	-
Balance at 30 September 2013	342,660,000	3,427	226,711

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

12. Net asset value per share

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

	Group 30 September 2013	Group 31 March 2013
Net assets (£'000)	216,723	267,318
Number of shares in issue	342,660,000	342,660,000
NAV per share	£0.63	£0.78

13. Group entities

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):

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%

14. Loans and borrowings

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 £111,000 (US$170,000) has been paid 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.

As at 30 September 2013 the Company had drawn down £3,090,000 (US$5,000,000) of the loan facility and had accrued interest payable of £138,000 (US$224,000) including the additional 0.5% interest on the undrawn amount.

15. Related party transactions

Guggenheim Franklin Park Management LLC (“GFPM”) is beneficially owned by certain Directors of the Company, namely Messrs Tribone, Lulla and Venerus, and receives fees in its capacity as Asset Manager as described in note 8.

16. Subsequent events

Working capital loan facility
As described in note 14 the Company has entered into a new working capital loan facility agreement with GGIC Ltd. On the 1 October 2013 the Company drew down a further £2,469,000 (US$4,000,000). The total loan capital drawn down to date is £5,559,000 (US$9,000,000).