Infrastructure India plc

Interim results
for the six months ended 30 September 2011

Highlights

Financial Performance
- Value of the Company's investments increased 21.9 per cent. to £135.6 million
- NAV increased 4.1 per cent. to £143.7 million
- NAV per share was £0.88 as at 30 September 2011, a decrease of 4 per cent. compared with 31 March 2011 (£0.92), principally due to the depreciation of the Indian Rupee against Sterling which resulted in a £10 million negative impact on the aggregate value of the portfolio holdings

Investment Highlights
- Portfolio has increased in scale and broadened interests
- Follow-on investment into Shree Maheshwar Hydel Power Corporation Limited ("**SMHPCL**")
- Acquisition of Indian Energy Limited ("**IEL**")

Post period end
- Purchase of an additional approximate 62.6 per cent. stake in Vikram Logistic & Maritime Services Private Limited ("**VLMS**")
- Approximately 55 million ordinary shares issued to fund the acquisition of the further interest in VLMS at an implied price of £1.06 per ordinary share
- On a pro-forma basis, adjusting for the VLMS acquisition, the NAV per share would increase to £0.93 as at 30 September 2011
- VLMS has committed to acquire the whole of the logistics service provider Freightstar for £9 million, in cash

Commenting on the outlook, Tom Tribone, Chairman of IIP, said:
"The IIP Board remains of the view that infrastructure projects generally demonstrate an ability to create sustainable long-term value for shareholders and such creation should be apparent in India given its needs and expected growth and against the wider backdrop of increasingly volatile market conditions. The management expertise and track record in the infrastructure sector of Guggenheim Global Infrastructure Company Limited, coupled with its extensive network of relationships among the developer and financial advisory community in India, should ensure that the Company's current portfolio is well managed as each investment moves towards completion and full operation."

Commenting on the year ahead, Sonny Lulla, Chief Executive of IIP, said:
"It is the intention of the Board to continue to scale the size of IIP's presence in India both by adding further investments to its existing portfolio (principally via investments into VLMS and IEL) and by opportunistically making investments into new business opportunities. As a result, the objective remains to raise additional capital in the future and the Board continues to evaluate the Company's fundraising alternatives in light of the IIP Group's investment pipeline and market conditions."

Joint Statement From The Chairman And The Chief Executive Of Infrastructure India Plc

Introduction

We are pleased to report the results for the six month period ended 30 September 2011 in respect of Infrastructure India plc ("**IIP**", the "**Company**" or the "**IIP Group**"). In this statement, we review the financial performance of the IIP Group, including the further progress and additional investments made since our last full statement in respect of the financial year ended 31 March 2011.

Investment Strategy

The Company's investment strategy remains to provide its shareholders with both capital growth and income by focusing on investing in assets in the Indian infrastructure sector, with particular emphasis on assets in the broader sectors of energy and transport.

In evaluating potential investments for the IIP Group, IIP's manager, Guggenheim Global Infrastructure Company Limited ("**GGIC**") (via its subsidiary Guggenheim Franklin Park Management, LLC) requires that any investment proposal demonstrates the following key characteristics:

- an investment return appropriate to the asset but one which is expected to offer a base IRR of approximately 15 per cent. per annum to its shareholders in the event the project is held to the end of its life;
- significant minority interests with "negative control", or outright majority interests;
- a high quality partner and management team; and
- negotiated as opposed to auctioned transactions.

In addition, GGIC would generally focus on opportunities which are close to the commencement of operations – typically making investments in assets which are in construction at the time of investment but which would be expected to commence operations within 30 months.

Financial Performance

The IIP Group's investments continued to make good progress during the six-month period. The portfolio has increased in value in Indian Rupee terms but this gain has been negated by the devaluation of the Indian Rupee against Sterling. The value of the Company's investments in its subsidiaries increased from £111.2 million to £135.6 million, following the acquisition of Indian Energy Limited ("**IEL**") and the follow-on investment in Shree Maheshwar Hydel Power Corporation Limited ("**SMHPCL**"). The Company's NAV increased from £138.0 million to £143.7 million, representing an increase of 4.1 per cent.

NAV per share as at 30 September 2011 was £0.88 (at 30 September 2010: £1.06; at 31 March 2011: £0.92), a decrease of 17 per cent. from 30 September 2010 and a decrease of 4 per cent. from 31 March 2011. While the Company's overall NAV has increased, this fall in NAV per share is principally a result of the dilutive effect of the placing of ordinary shares in the Company ("**Ordinary Shares**") that the Company undertook in early 2011, when it raised gross proceeds of £33.0 million, and as a result of the devaluation of the Indian Rupee versus Sterling over the reporting period. As referred to below, subsequent to the period end, the Company completed the acquisition of a further interest in Vikram Logistic & Maritime Services Limited ("**VLMS**") through the issue of approximately 55 million Ordinary Shares at an implied price of £1.06 per share. On a pro forma basis, adjusting for the acquisition, at 30 September 2011 would see the NAV per share increase to £0.93.

Over the six month period from 31 March 2011, there has been an approximate 8 per cent. depreciation of the Indian Rupee against Sterling from INR 71.93 per GBP to INR 77.53 per GBP. This has led to an approximate £10 million decrease in the value of the Company's portfolio holdings. Consequently, the Consolidated Statement of Comprehensive Income reports a £2.2 million adverse movement in the fair value of investments and the Company Statement of Comprehensive Income shows an overall loss for the period of £4.5 million. We note that since the end of the half year period, the Indian Rupee has continued to weaken and stood at approximately INR 83.08 per GBP on 14 December 2011.

For consistency, the financial statements include the financial statements of the Company or "parent-only" reports, including the Statement of Financial Position for the Company. In this statement, asset values are shown on a fair value basis. Additionally, the financial statements include Consolidated Statements which, because the Group now comprises operating subsidiaries, primarily shows asset values at cost as opposed to fair value.

We believe that producing the financial statements in this way and including the parent-only statement gives shareholders a consistent and comparable position when viewed against previous financial statements, whilst complying with the technical requirements in respect of the Consolidated Statements. While the differences between the two sets of statements is not substantial at this time, the differences may grow over time. The directors of IIP believe that the Company or “parent-only” statements offer shareholders the best basis for evaluating the Company's performance.

Investment Update

Following on from the merger of the Indian infrastructure assets of GGIC into the IIP Group which completed on 3 March 2011, the Company has continued to increase the scale of the IIP Group and broaden its portfolio.

As announced on 21 September 2011, the Company completed the acquisition of IEL, an independent developer and operator of wind to energy projects in India which was listed on AIM. IEL owns and operates two wind farms with a combined capacity of 41.3 MW located in the south Indian states of Karnataka and Tamil Nadu. The first wind farm, the 24.8 MW Gadag Project, is in its third full year of operation and the power generated is sold to the Bangalore Electricity Supply Company under a 20 year power purchase agreement. The second wind farm, the 16.5MW Theni Project, was fully commissioned in August 2010 and the power generated is sold to the Tamil Nadu Electricity Board again under a 20 year power purchase agreement. The addition of wind farms represents a broadening of the Company’s portfolio, particularly in the energy sector, and gives the Company a scalable wind platform in the country.

The Company also made a follow-on investment into SMHPCL during the period under review. As announced on 1 September 2011, £16.5 million was invested into SMHPCL which, along with the first investment in June 2008, took the Group’s aggregate equity interest in SMHPCL to 17.7 per cent. (7.9 per cent. on a fully diluted basis). The second investment was structured in a way to protect the Company’s returns by way of an IRR guarantee arrangement on cash flows. The IIP Group expects to earn a minimum IRR of 17 per cent. on the second investment, while a three year extension was also secured in respect of the first investment, which had a minimum IRR of 15 per cent. and an original five year term. The minimum IRR guarantees are limited to the extent of escrows of additional shares which can be made available to the IIP Group. The maximum IRR is not contractually limited and the IIP Group has agreed to share returns above certain thresholds on the second investment only with certain co-investors in SMHPCL.

Finally, the IIP Group completed the acquisition of the additional stake in VLMS (approximately 62.60 per cent.) that it had agreed to purchase from Anuradha Holdings Private Limited at the time of the acquisition of its original stake in VLMS. The acquisition was subject to the receipt of certain Indian regulatory approvals and certain other conditions. These conditions were fulfilled and the acquisition formally completed post period end in October 2011.

All the assets in the IIP Group portfolio are described in more detail in the section headed, “Review of Investments” below, including an update on the revised value of each investment.

Subsequent Events

As noted above, the IIP Group acquired an additional approximate 62.60 per cent. stake in VLMS in October 2011. As a result, the IIP Group now holds approximately 99.99 per cent. of the issued share capital in VLMS. The consideration for the acquisition of this additional stake in VLMS was the issue of 54,988,993 new ordinary shares in the Company at an implied price of £1.06 per share which, at the time the transaction was announced on 17 October 2011, represented a premium of 68 per cent. to the closing mid-market price per ordinary share in IIP on 14 October 2011. Valuing the 99.99 per cent. of VLMS owned as at the date of this report on the same basis as the stated NAV of IIP Group's interest in VLMS as at 30 September 2011, and taking in account the Ordinary Shares issued as consideration, the completion of the purchase of this remaining stake in VLMS increased IIP's NAV by approximately 5p per share.

Following on from the completion of this additional stake in VLMS, the Company announced on 28 October 2011 that VLMS had agreed to acquire the logistics business, related assets and associated liabilities of ETA Engineering Private Limited ("**ETA**"), operating in India under the brand name "Freightstar" for consideration of approximately £9 million in cash (less any amounts advanced prior to completion). Freightstar is a logistics service provider with a Category I license from the Indian Railways allowing it to operate container trains and, via an ETA subsidiary that is also being acquired, is developing two multi-modal logistics centres in Northern and Central India. Together with its 11 operating container trains, Freightstar has a pan-India presence. The acquisition is subject to the satisfaction of certain conditions, all of which are expected to be satisfied within approximately 90 days of the announcement. Acquiring Freightstar should provide attractive returns to both VLMS and the IIP Group, by providing VLMS with the opportunity to become a market leader in the Indian logistics sector, creating a transportation network that will cover key road and rail freight routes across India, and have a broad geography of company-owned freight terminals.

Dividend Objective

The Board of IIP remains of the view that as the Company's investments move from a development phase into an operating phase, generating operational and financial performance, cash flows from the portfolio will develop for the Company which should be sufficient to initiate and maintain a dividend. The Board is cognisant of the fact that the commencement of the payment of dividends is important to shareholders, in terms of generating an attractive overall return from their investment in the Company. As such, it is a key aim of the Board that the dividend comes to be regarded as a part of the overall IIP investment return.

While the developmental nature of IIP's portfolio and cash flows do not currently support the payment of a covered dividend, at this time the Board plans to initiate a dividend programme in 2013, with the Company's overall objective being to target an initial distribution yield of 1-2 per cent. of NAV, with further increases to follow as the Company's portfolio matures further. This dividend plan is subject to, *inter alia*, SMHPCL commencing full operations over the course of 2012.

Team

Further to the completion of the additional stake in VLMS, the IIP Board welcomed Vikram Viswanath as a director of the Company with effect from 17 October 2011. Also, as announced on 1 December 2011, the IIP Board welcomed M. S. Ramachandran as an independent non-executive director of the Company. M. S. Ramachandran has held numerous senior positions in the Indian energy sector, including chairman of Indian Oil Corporation Limited ("Indian Oil"), India's flagship national oil company. Following his retirement from Indian Oil in 2005, Mr Ramachandran has acted as non-executive director on the boards of a number of companies such as ICICI Bank Limited (India's second largest bank) and has acted in an advisory capacity to organisations including BHP Billiton India, Chevron Business Development, Inc. and International Infrastructure Consultants (P) Limited.

Rupert Cottrell, the Deputy Chairman, stepped down from the Board on 1 December 2011. Mr Cottrell acted as the Company's Chairman from its inception through to March 2011 and the Board would like to thank him for his leadership and guidance.

Further to the acquisition of IEL, the Company is working with IEL's experienced management team in continuing to develop and operate the Company's interests in the wind energy sector.

The Company was pleased to appoint Macquarie Capital (Europe) Limited as joint corporate broker to the Company on 13 October 2011, to work alongside the Company's other corporate advisors.

Outlook

The IIP Board remains of the view that infrastructure projects generally demonstrate an ability to create sustainable long-term value for shareholders and such creation should be apparent in India given its needs and expected growth and against the wider backdrop of increasingly volatile market conditions. GGIC's management expertise and track record in the infrastructure sector, coupled with its extensive network of relationships among the developer and financial advisory community in India, should ensure that the Company's current portfolio is well managed as each investment moves towards completion and full operation.

It is the intention of the Board to continue to scale the size of IIP's presence in India both by adding further investments to its existing portfolio (principally via investments into VLMS and IEL) and by opportunistically making investments into new business opportunities. As a result, the objective remains to raise additional capital in the future and the Board continues to evaluate the Company's fundraising alternatives in light of the IIP Group's investment pipeline and market conditions.

It remains the Board's intention to move the Company back to the Official List when appropriate. To this end, the Board has engaged with its advisors regarding such a move and is mindful of certain requirements that will need to be complied with, including those relating to asset concentration and to the independence of the board of directors.

We look forward to reporting further progress to the Company's shareholders over the course of the year.

Tom Tribone
Chairman

Sonny Lulla
Chief Executive

Review Of Investments

Indian Infrastructure – The Investment Case

Infrastructure spending remains a critical component of India's long term growth plans. In the Eleventh Five Year Plan (2007-12), the Government of India is expected to spend approximately US$514 billion (7.5 per cent. of GDP) on infrastructure development. In the Twelfth Five Year Plan (2012-17), the Government of India plans to spend approximately US$1 trillion on infrastructure development.

The private sector has a significant role to play both in capital formation and deployment of capital in infrastructure projects. The Government of India anticipates that the private sector will account for nearly 30 per cent. of infrastructure investment in the five years ending 2017.

The creation of an infrastructure back-bone within India which is robust and adequate to support the country's socio-economic growth begins with transportation, water and power, and moves towards a final phase of airports and international connections. In particular, the amounts invested in infrastructure projects in India in 2010 were greatest in roads (US$21.2 billion) and ports (US$13.8 billion). Energy projects were fewer in number than road or port projects and were also smaller by value attracting investment of US$3.5 billion. Roads, inland ports and electricity projects are key parts of IIP's existing portfolio.

Given the amount of private capital required and the high demand for new infrastructure projects in India, indicative returns on investment proposals are in the majority achieving or exceeding the thresholds set by IIP.

Developing infrastructure assets in a rapidly changing environment such as India is not without its challenges. There are risks that projects will suffer delays and cost overruns due to changes in regulation, financing conditions, political conditions and demography, among numerous other factors. Local interest rates remain high and are expected to remain at these levels well into 2012. Land acquisition continues to be a difficult task, while evolving environmental standards can lead to unpredictable challenges during development and construction of assets. IIP continues to price these risks appropriately and focuses on taking prudent measures to manage them.

Electricity Sector

India's annual electricity consumption accounts for roughly 4 per cent. of the world's total energy consumption. India is the sixth largest energy producer and the fifth largest energy consumer in the world. In order to deliver energy efficiently across the country, India has set up the third largest transmission and distribution network in the world. However, India's per capita annual consumption of power is very low (704 kWh) compared to the global average (2,300 kWh). In order to meet the country's energy needs adequately, India would need to generate approximately 1,000 kWh of electricity per capita by 2012, which equates to capacity addition of more than 100,000 MW in power generation and significant investments in transmission and distribution.

The Central Electricity Authority in India estimates that in 2011-12, peak load in India will be 153 GW, with a peak supply of only 115 GW, i.e. a shortfall of about 25 per cent. This shortfall is forecasted to grow to 64 GW or nearly 30 per cent. by the end of 2017. Similarly, against the 2011-12 energy requirements of 969 TWh, the supply is only expected to be 821 TWh, a shortfall of 15 per cent., which gap is expected to grow to over 21 per cent. by 2017. Several initiatives are being implemented to bring additional capacity on-line from both public and private players. The Eleventh Five Year Plan aims to add 78.7 GW of generation capacity, most of which (c. 80 per cent.) is coal-based, with the balance coming from hydropower. Of this, it is anticipated that only about 50 GW will be added and the Government of India has proposed the addition of 100 GW of capacity in the Twelfth Five Year Plan. Several incentives, including tax holidays and import duty exemptions have been made available for private sector power generation projects. In addition, beneficial tariffs and other features such as renewable energy credits have been made available for private renewable energy projects.

As compared to the Government of India's target of delivering 40 per cent. generating capacity from hydropower, it is currently expected to remain at about 22 to 25 per cent. Among the other renewable resources, as at 31 August 2011, wind energy projects constituted nearly 15,000 MW of the approximate

21,000 MW of grid-connected renewable energy projects. The Indian Wind Energy Association estimates the gross wind power potential to be over 48,000 MW in various states. The Government of India has unveiled an ambitious plan to achieve 20,000 MW of installed solar capacity by 2022.

Power trading is also promoted within the country and two power exchanges currently operate in the country for electricity trading. While the trading sector still needs to see additional restructuring, it is anticipated that longer term contracts will be available through the exchanges.

It is estimated that India's power sector alone will need investments of US$600 billion by 2017. Of the total expected investment, approximately US$300 billion will be required for power generation, while the remaining amount will be required for power transmission (US$110 billion) and power distribution (US$190 billion).

Each of these factors provide for a compelling opportunity to invest in the Indian power sector. IIP currently has investments in the large hydropower and renewable energy segments through SMHPCL, IHDC and IEL.

Roads Sector

The roads sector will be one of the major beneficiaries of growing infrastructure expenditure and is expected to receive US$60 billion of investment over the Twelfth Five Year Plan period. The Government of India anticipates that nearly 60 per cent. of this investment, or about US$35 billion, will come from the private sector. India's road network of approximately 3.3 million kilometres is the third largest in the world. As the country continues to upgrade its road network, total length of the national highway system is expected to increase from 70,000 kilometres in 2009 to over 100,000 kilometres by 2015. Although the national highway system only accounts for approximately 2 per cent. of the total road network, it is estimated to carry nearly 40 per cent. of freight and passenger traffic in the country, which in turn creates a significant demand-supply gap.

To narrow this gap, the Government of India has launched the largest ever National Highway Development Program ("**NHDP**"), under which it plans to build 55,000 kilometres of highways by 2015. The Indian Government has streamlined the regulatory framework to resolve a number of key regulatory issues, including land acquisition, technical qualification to bid for projects, a significant share of Build Operate & Transfer ("**BOT**") projects, and up-front payment of Viability Gap Funding ("**VGF**") to attract higher participation from the private sector. Also, a ten-year income tax holiday is available for companies engaged in developing roads and highways.

IIP is currently participating in this sector through WMPITRL and is opportunistically assessing investment opportunities in other toll road projects.

Logistics sector

Logistics costs are significantly higher in India compared to other developed countries. It is estimated that Indian companies spend approximately 13 per cent. of GDP on logistics compared to only 10 per cent. of GDP in developed countries. The logistics sector is expected to benefit as India improves its infrastructure and companies focus on supply chain management to reduce costs. The sector grew at a CAGR of 14 per cent. between 2002 and 2007, and is expected to grow at a CAGR of 10 per cent. between FY2009 and FY2015. Economic growth, rising domestic demand for transportation and growing trade are major reasons for future growth in the sector. Moreover, the sector is expected to witness some key policy reforms in the near future. The Goods & Services Tax (GST) Act to be implemented from 1 April 2012 is expected to benefit warehousing services providers by eliminating the need for numerous smaller warehouses designed for minimising the impact of multiple levels of taxation under the current tax regime. Logistics companies and third party logistics ("**3PL**") service providers can now invest in scale, service focus and technology to optimise their service offerings and cater more efficiently to wider supply chains of their customers. Also, the Indian Government plans to spend approximately US$2 billion in building Dedicated Freight Corridors ("**DFC**") over the next few years.

Between FY06 and FY11, freight volumes grew at a CAGR of 8.3 per cent. and more than 80 per cent. of freight was carried through the rail and the road network.

Foreign investors in the Indian logistics sector can also enjoy tax incentives, such as a 100 per cent. deduction of capital expenditure incurred during the year (excluding land acquisition, goodwill or financial instruments) for cold chain and agriculture warehousing facilities, and a 100 per cent. deduction of profits from Special Economic Zones and Free Trade Warehouse Zones ("**FTWZs**") for ten consecutive assessment years out of fifteen.

Within the broader logistics sector, the Board of IIP expects an attractive investment opportunity to emerge in the rail and container handling services segment. Rising containerisation levels in India, rising export and import cargo volumes, and potential for railways to gain market share in carrying container cargo, coupled with rising demand for value added logistic services may create a significant opportunity for VLMS to become a market leader in providing multi-modal logistics services. After opening the rail and terminal operations to the private sector in 2005, recent policy reforms have ensured a more level competitive environment among private players and the state owned operator, Container Corporation of India Limited ("**Concor**").

Summary of Assets

	VLMS	SMHPCL	WMPITRL	IHDC	IEL
Percentage interest [1]	37.39% [3]	17.70% [4]	26.00%	50.00%	100.00%
Value at 31 March 2011	£34.8m	£21.4m	£29.4m	£25.7m	-
Value at 30 September 2011	£34.9m	£37.8m	£28.2m	£24.8m	£10.3m
Percentage of Gross Assets [1, 2]	25.5%	27.7%	20.6%	18.2%	7.6%
Average Cost of Debt	15.3%	10.5%	14.6%	9.6%	14.0%

Notes:

1) As at 30 September 2011
2) Excludes cash balances
3) Increased to 99.9 per cent. following completion of further stake in October 2011
4) 7.90% post all dilution effects

Vikram Logistic & Maritime Services Private Limited ("VLMS")

Summary

Description:	Supply chain transportation and container infrastructure company based in Southern India.	
Promoter:	IIP	
Date of Investment:	3 March 2011	15 October 2011
Amount of Investment:	£34.8m (implied value)	£58.3m (implied value)
Aggregate Percentage Interest:	37.39%	99.99%
Valuation as at 30 Sep 2011:	£34.9m	
Project Debt:Equity Ratio (based on construction costs):	65:35	

Key Highlights:

- Acquisition of further 62.60% interest in VLMS in October 2011, resulting in aggregate interest of 99.99%.
- Development of two 100+ acre container processing facilities in Bangalore and Chennai.
- Agreement by VLMS to acquire Freightstar, a logistics service business with a Category I rail licence and operations in North and Central India.

Investment details

On 3 March 2011, the Company acquired a 37.39 per cent. interest in VLMS from GGIC, in return for the issue of 32.8 million ordinary shares in IIP, with an implied overall aggregate value of £34.8 million. At that time, the Company also announced that it had agreed to acquire almost all of the outstanding balance of VLMS shares which it did not own (approximately 62.6 per cent.) from Anuradha Holdings Private Limited ("**AHPL**") subject, *inter alia*, to obtaining certain Indian regulatory approvals, including the approval of India's Foreign Investment Promotion Board (the "**FIPB**") and the acquisition of two parcels of land in Bangalore and Chennai. Approval from the FIPB was received on 17 August 2011 and upon satisfaction of the remaining conditions, the acquisition was formally completed in October 2011.

VLMS is a supply chain transportation and container infrastructure company headquartered in Bangalore with a strong presence in Southern India. VLMS provides a broad range of logistics services including, trucking, customs clearing and handling, and bonded warehousing to customers from a range of companies such as Concor, Coca Cola, Reserve Bank of India, Credence Logistics, Pearl Harbour, American Power Corporation and Qatar Cargo. VLMS operates a fleet of more than 125 trucks and an export oriented Container Freight Station ('**CFS**") at Hassan in western Karnataka. In addition, VLMS is developing two, Free Trade and Warehousing Zone ("**FTWZ**") bonded container warehouse facilities and Domestic Terminals ("**DT**") at the cities of Bangalore and Chennai.

VLMS is, amongst other sites, already working with several CFSs for loading and unloading containerised cargo. A key focus is now to develop the two FTWZ facilities in Bangalore and Chennai. The proposed FTWZ to be developed in Bangalore is over a 105 acre site, located close to Electronics City in Bangalore, while the proposed FTWZ to be developed in Chennai is also over a 105 acre site, located between the ports of Chennai and Ennore. Both the FTWZs proposed to be developed by VLMS should be able to benefit from favourable tax provisions, including excise duty exemptions and income tax benefits. Site preparation and construction is expected to commence in Chennai by early 2012. Construction in Bangalore is expected to commence approximately ninety days after construction in Chennai commences. Both facilities are expected to enter operation late in 2012. Financing for completing these projects will come from the committed debt facilities of VLMS. Under these facilities, approximately £33 million is currently drawn down and approximately £23 million remains to be drawn in order to achieve project completion.

Revenue streams from VLMS's various business units including FTWZs, DTs, CFSs and services (includes Transportation and Freight Forwarding) are comprised of, *inter alia*, handling charges, transportation (containers and bulk), warehousing, rent, shipments, leasing, access charges and certain other categories. Data from studies conducted at the Chennai port and other market data show a significant annual growth in container and freight volumes, a trend consistently observed across the country. Container volumes at the Chennai port grew nearly 21 per cent. in fiscal year 2011 to 1.52 million TEUs and are expected to continue to show similar levels of robust growth in the foreseeable future. Also, Chennai port handles a significant proportion (over 26 per cent.) of the national volume and consequently is the primary source of containers processed through Bangalore. With various service offerings and a leadership position in Southern India, VLMS is well positioned to take advantage of the growth opportunities in the logistic sector. The total throughput at VLMS is expected to rise to nearly 600,000 TEUs in 5 years and to 900,000 TEUs in 10 years. VLMS's gross revenues are expected to come roughly 60 per cent. from transportation, 30 per cent. from handling, 5 per cent. from warehousing, and the remaining from all other service offerings. Average revenue per TEU, including revenue from each of the company's key business lines mentioned above is expected to be approximately £190 and is based on a discount to Concor's published rates. EBITDA margins for these businesses on a weighted average basis is expected to be in the order of 25 per cent. (with handling and warehousing being higher than the average, and transportation being lower).

Developments

VLMS's growth plans include capitalising on its current regional leadership position to expand service offerings across the country. As part of these plans, the Company announced on 28 October 2011 that VLMS had agreed to acquire the logistics business, related assets and associated liabilities of ETA Engineering Private Limited ("**ETA**") operating in India under the brand name "**Freightstar**". Freightstar is a logistics service provider with a Category I license from the Indian Railways to operate container trains. Freightstar currently operates 11 container trains and is developing two multi-modal logistics centres in Northern (NCR region) and Central (Nagpur) India, thus allowing it a pan-India presence. Freightstar also brings several other opportunities, including a third party logistics division, joint ventures with other logistics parks and for providing automobile logistics services. Freightstar brings an experienced management team and state-of-the-art IT systems to manage the logistics business. The proposed merger-acquisition of Freightstar is complementary to the two entities and will provide several potential synergies and benefits to the combined entity, including,

- Nationwide presence
- Increase in productivity from a larger owned terminal network
- Better control over the entire multi-modal chain
- Comprehensive end-to-end solutions for customers
- Better utilisation of assets (road fleet, containers, trains, manpower, IT systems, etc)
- Lower cost of first and last mile transportation
- The ability to become the leading private multi-modal logistics service provider in the country

The acquisition of Freightstar is expected to add new revenue streams and result in a greater than 50 per cent. increase in throughput and more than doubling of VLMS's gross revenues, while retaining or enhancing EBITDA margins. The Freightstar acquisition would enable VLMS to achieve these outcomes at a fraction of what it would otherwise cost through implementation of an organic growth strategy.

VLMS intends to take advantage of its current low gearing levels and raise additional debt by recapitalising the merged entity. An additional equity infusion of approximately £33 million over the course of 2012 will be necessary to complete the various expansion projects planned by VLMS and Freightstar. Project plans envisage debt levels of 70 per cent. of the total project costs for the combined entity.

Once the FTWZs and DTs are completed and operational, it is expected that, subject to lender restrictions and based upon performance and cash flows, VLMS will declare dividends on an annual basis.

Valuation

As at 30 September 2011, the VLMS assets have been valued in accordance with the Company's stated valuation methodology by applying a risk premium of 8.85 per cent. plus the risk-free rate of 8.35 per cent. to the discounted cash flow analysis. The risk premium was kept the same as at the time of acquisition since several steps are still necessary for completion of construction. The value so determined for the 37.39 per cent. of VLMS owned by the Company as at 30 September 2011 is £34.85 million. As of that date, no adjustments have been made to the VLMS financial projections to account for the proposed acquisition of Freightstar.

Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL")

Summary

Description:	400MW hydropower project on the Narmada River near Maheshwar; expected to be one of India's largest privately owned hydropower projects.	
Promoter:	Entegra Limited	
Date of Investment:	June 2008	1 September 2011
Amount of Investment:	£13.2m	£16.5m
Aggregate Percentage Interest:	20.5%	17.7%
Post dilution effects:	6.84%	7.90%
Valuation as at 30 Sep 2011:	£37.8m	
Project Debt:Equity Ratio (based on construction costs):	70:30	
Key Highlights:	- Project substantially complete with power generation expected to commence within six months. - Further investment of £16.5m made on 1 September 2011. - Three year extension of minimum 15 per cent. IRR guarantee on original investment. - Guaranteed IRR of 17 per cent. on second investment.	

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. The project is substantially complete, with power generation expected to commence within the next six months. The project is expected to be one of the largest privately owned Indian hydroelectric schemes when it is fully commissioned.

IIP made its first investment in the project of approximately £13 million in June 2008, which was followed by a second investment of £16.5 million on 1 September 2011. With this additional investment, the Group's aggregate equity interest in SMHPCL amounts to 17.7 per cent. (7.9 per cent. on a fully diluted basis).

The project's returns are protected by way of regulation and a Power Purchase Agreement which provide for a return on equity to investors in the project, while IIP's returns are to be protected by way of an IRR guarantee arrangement on cash flows. The Group is expected to earn 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. While the maximum IRR for the Group is not contractually limited, the Group has agreed to share returns above certain thresholds on the second round investment with certain co-investors in SMHPCL. In addition, IIP has negotiated a three year extension in respect of the original guarantee previously provided relating to the Group's initial investment made in 2008 (with a minimum IRR of 15 per cent. and an original five year term). If the guaranteed IRRs are not achieved on the Group's exit, certain escrowed shares in SMHPCL will be transferred to the Group at no additional cost to the Group, until this minimum return is reached or the supply of escrowed shares is exhausted. In addition, IIP has representation on the board of SMHPCL.

Project Overview

The Shree Maheshwar Project is a run-of-the-river power project which will use the natural elevation and flow of the river to generate electricity. SMHPCL was awarded the contract on a Build-Own-Operate ("**BOO**") basis. The project, which has a small reservoir with a storage capacity of 28 million cubic metres on the Narmada River, is situated close to the town of Mandleshwar in the south-western region of Madhya Pradesh. It will serve as a peaking station for the western grid which suffers a shortage of peak capacity. The project is one of six projects on the Narmada River that are part of the Narmada Valley Development Plan. The Narmada Valley Development Plan aims to coordinate water releases from the various projects so as to optimise all uses including power production from the various plants. Upstream of the project is the Indirasagar reservoir which has a storage capacity of 12 billion cubic metres and which was designed to capture and store monsoon rains and then release regulated water flow throughout the course of the year. As a result, the seasonal split between wet and dry months will have little influence on the Shree Maheshwar Project.

Current Status of Project

Three turbine generators of 40MW each have now been fully installed, with one machine having been successfully ”wet-tested”, and all three turbines are ready for operation upon receipt of approval from the Government of India’s Ministry of Environment and Forests to partially fill the reservoir. The Board understands that overall civil works are now nearing completion and that all 27 spillway radial gates are operational. In respect of the villages that had to be resettled as part of the Resettlement and Rehabilitation plan relating to the Shree Maheshwar Project, only one village remains to be relocated and resettled to facilitate the first stage of reservoir filling. SMHPCL plans to incrementally fill the reservoir to its full level as the Resettlement and Rehabilitation program is completed and progressively commence power production as individual turbine generator units are commissioned. While the Shree Maheshwar Project suffered a delay due to the receipt of a necessary environmental clearance (which has now been obtained), it is currently expected to commence power generation in early 2012 from the three installed turbines, with the facility expected to be fully operational toward the end of 2012. The permission from the Ministry of Environment and Forests to allow the partial filling of the reservoir to enable the initial operations from three turbines is being processed at the Ministry and is expected imminently. Once the project is fully operational, it is expected that SMHPCL will, subject to any lender restrictions, declare dividends on an annual basis, based on the project’s performance and cash flows.

Power Purchase Agreement

The Power Purchase Agreement (“**PPA**”) signed between SMHPCL and the state government body, the Madhya Pradesh Electricity Board ("**MPEB**"), obliges the MPEB to take the full electricity production of the project for a period of 35 years from the date of commissioning of the first turbine of the project. SMHPCL is entitled to receive payment from MPEB for energy generated from the Shree Maheshwar Project on the basis of unit capital cost. The electricity purchase price is to be determined in accordance with the Central Electricity Regulatory Commission’s guidelines and the tariff payable under the PPA is on the basis of unit capital cost and provides for all costs, including interest and depreciation costs. The tariff will consist of two parts, the annual capacity charges (interest on debt and depreciation) and annual energy charges (O&M expenses estimated at 1.5 per cent. of total capital expenditure, insurance, income taxes, interest on working capital and a 16 per cent. base return on equity). The two parts will be paid for the primary energy established for the project. All production in excess of the primary energy (secondary energy) will be paid as additional return on equity on a sliding scale as follows: 0-100 GWh: 4 per cent. return on equity; 101-200 GWh: 3per cent. return on equity; 201-300 GWh: 2 per cent. return on equity; and 301-400 GWh: 1 per cent. return on equity. Annual adjustments will be made to account for over payments or under payments based on actual expenses incurred as reported in audited financial statements. Given its stage of development, the Shree Maheshwar Project is not expected to have any major maintenance capital expenditure requirements during the first ten years of operation. While some upgrades may be required once every 7 – 10 years, the tariff under the PPA assumes all costs are passed through.

After the plant is fully commissioned, it is expected that with optimised water releases through the plant, the total annual production in an average year will exceed 1,300 GWh. At these production levels, SMHPCL will be in a position to earn income from secondary energy.

Financing

Overall costs of the project have increased, from approximately £380 million to approximately £520 million (of which project debt totals approximately £365 million), predominantly due to interest charged during construction. However, the tariff under the PPA allows a full pass-through of all costs incurred and SMHPCL is entitled to include in the capital cost (for the purposes of electricity purchase price calculation) the interest on debt, and while the overall costs have increased, the project returns are expected to be maintained. Project debt is expected to be at 70 per cent. of the total capital cost, in accordance with the Government of India’s tariff policy applicable to the project.

Valuation

The asset is valued following the Company's stated valuation methodology (a discounted cash flow analysis) where a risk premium is added to the risk free rate in India (given by long-term Indian government bonds) to give the discount rate used in the analysis. The stated methodology of IIP is to use a risk premium of 6 per cent. over the risk-free rate for assets in “construction”. However, in the case of SMHPCL, the Board has decided to add a further percentage point to reflect the remaining risk inherent in the project, due in part to the delays experienced so far. The Board believes it is prudent to continue applying a slightly elevated risk premium to this asset for this period, however, it will review this position at the next valuation date, being IIP’s full year results. Applying this discount rate (7 per cent. plus the risk-free rate) to IIP’s share of the project’s cash flows and discounting to a value as at 30 September 2011, gives a value for this holding of £37.81 million (30 September 2010: £17.9 million), compared to the £13.2 million invested in June 2008 and the £16.5 million invested on 1 September 2011.

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

Summary

Description:	125km, four lane highway toll road in Western Madhya Pradesh, with a 25 year concession commencing in April 2008.	
Promoter:	Essel Group	
Date of Investment:	30 September 2008	25 June 2010
Amount of Investment:	£11.3m	£0.4m
Aggregate Percentage Interest:	26.0%	26.0%
Valuation as at 30 Sep 2011:	£28.2m	
Project Debt:Equity Ratio (based on construction costs):	68:32	
Key Highlights:	- Commencement of full commercial tolling along entire length of the road on 4 June 2011. - Higher than expected traffic growth rates.	

Investment Details

On 30 September 2008, IIP invested approximately £11.3 million (INR 960 million) in WMPITRL, which represented a 26 per cent. shareholding. WMPITRL, promoted by the Essel Group, was awarded the concession to a toll road project in central India on a Build-Own-Transfer (BOT) basis in August 2007 for a term of 25 years, commencing from April 2008. The Company has representation on the board of WMPITRL and has been actively engaged in the development of this asset.

Project Overview

Full commercial tolling began along the entire length of the toll road on 4 June 2011. The road is a 125km, four lane highway (State Highway "SH" 31) between the towns of Lebad and Jaora, which replaced the previous single carriageway road. SH 31 provides a vital connection between the towns along National Highway 8 ("NH8") in eastern Rajasthan and the City of Indore, a commercial hub in the State of Madhya Pradesh. This section of the toll road also provides a connection with NH3, the national highway connecting the cities of Mumbai and Agra. The WMP toll road provides the only high quality route to transit the region. On account of the significant reduction in travel times afforded by the toll road (anecdotally a reduction from circa ten hours to circa two hours to cover the whole 125km), traffic volumes along the route have shown a significant increase, well in excess of early projections.

The commencement of operations at the project has been staged; the first half of the road began tolling in November 2009 (some five months ahead of schedule). The second phase required certain variations to the original project specifications relating to works on three bridges over railways, which are now fully complete. The extra costs involved in the variations to the railway bridges are for the account of the Indian State Roads Authority. However, any reimbursement traditionally takes the form of an extension to the length of the concession rather than a direct payment. The concession period will be extended for just over 18 months to account for the extra costs and delays. The delay in operations of the second half of the road technically triggered a penalty clause in the concession agreement - however, the final payment under this clause has now been agreed and settled at a de minimis sum.

There are two toll plazas (TP1 and TP2) along the length of the road which are continuously monitored on a real-time basis, both locally and at the project company headquarters in Mumbai. The toll collection is split roughly in half between the two plazas (67km for TP1 and 58km for TP2). TP1 has now been in operation for over two years and has reported significant increases in revenue from INR 98 million for Q4 2010 to INR 124 million in Q3 2011. TP2 has been in operation since June 2011, and has also seen significant growth in revenue from INR 30 million in June 2011, to INR 41 million in October 2011. Traffic growth rates, as per the bank sanctioned project model, are expected to grow by a minimum of 10 per cent. per annum for the first 15 years of operation. However, due to the growth seen so far and the expected acceleration of this growth with the completion of various feeder roads, WMPITRL's management believes this is highly conservative and has commissioned a new traffic survey to investigate the increasing traffic growth rates. In due course a new bank approved model will be completed to reflect the updated work.

The concession agreement entitles WMPITRL to escalate the toll charged each year by 7 per cent. and WMPITRL is applying this annual escalator in full. In 2011, the tolls charged by WMPITRL for the full use of the road are INR 50 per car, INR 122 per minibus, INR 250 per bus, INR 122 per light goods vehicle, INR 302 per truck, and INR 603 per multi-axle truck. Approximately 80 per cent. of all toll revenue is derived from multi-axle truck traffic.

Financing

At the current time, WMP has total existing long term loans of INR 5,630 million, with a consortium of local Indian banks including Punjab National Bank, India Infrastructure Finance Company, Corporation Bank, Axis Bank, Canara Bank, and the Central Bank of India. The loans have a tenor of approximately 15 years and, as is normal in India, floating interest rates, currently averaging approximately 14.6 per cent. Shareholder loans into WMP totals an additional INR 440 million from the Essel Group, with an interest rate of 13 per cent. Equity holders in WMPITRL are 26 per cent. as to the IIP Group, and the remainder held by the Essel Group or Essel Group affiliates. IIP's shares in WMPITRL are unencumbered whereas Essel's shares are charged to the banks.

There is a favourable tax regime in place with a ten year tax holiday (normally charged at 33.9 per cent.), with a minimum alternative tax in place during this period. However, due to carry-forward losses, it is expected that there will be no tax burden until year 5 – 6 of operation. There is expected to be periodic maintenance costs of approximately £1 million per year beginning after the fifth year of operation. Operating expenses are approximately £1.2 million in the first full year of operation.

Valuation

As at 30 September 2011, this asset remains in the "ramp-up" phase. Therefore, in line with the Company's stated valuation methodology, the discount rate applied to the discounted cash flow analysis of this asset is 4 per cent. plus the risk-free rate (8.35 per cent., 10 year Indian government bonds, as at 30 September 2011). The ramp-up phase is assumed to cover the first two years of operation. The value for this investment as at 30 September 2011 is £28.2 million (30 September 2010: £23.9 million), compared to the £12.2 million as invested by IIP to date.

India Hydropower Development Company, LLC ("IHDC")

Summary

Description:	A company that develops, owns and operates small hydropower projects with four fully operational projects (55MW installed capacity), two projects expected to be operational in early 2012 (10MW installed capacity) and a further 28 MW of installed capacity under construction.
Promoter:	Dodson-Lindblom International, Inc.
Date of Investment:	3 March 2011
Amount of Investment:	£25.7m (implied value)
Aggregate Percentage Interest:	50.0%
Valuation as at 30 Sep 2011:	£24.8m
Project Debt:Equity Ratio (based on construction costs):	62:38
Key Highlights:	- Strong 2011 monsoon season resulting in 120GWh production from four operational projects. - Further project planned, located near existing projects in Maharashtra. - Several projects registered for Certified Emissions Reductions, with contracts signed for CER sales.

Investment Details

On 3 March 2011, the Company acquired a 50 per cent. interest in IHDC from GGIC, for an implied overall aggregate value of £25.7 million, in return for the issue of ordinary shares in IIP at IIP's then stated NAV per share. IHDC is a company that develops, owns and operates small hydropower projects in India. IHDC has a proven track record and an established operating infrastructure capable of supporting the development and operation of further hydropower projects across India, with a number of offices across India.

IHDC currently operates four fully operational projects, totalling approximately 55 MW of installed capacity and is expecting to commission a further two projects totalling approximately 10 MW by early 2012. With capacity enhancements being implemented, IHDC's other projects under construction/development total an approximate 28 MW in installed capacity. In addition, IHDC has a pipeline of identified projects for future development.

There are several alternatives in India for energy sales from renewable energy projects. These include: long term PPAs with state government agencies at promotional tariffs established by the relevant state electricity regulatory commissions; sales to third party private off-takers at negotiated tariffs; sales to state government utilities at their average pooled cost of power (typically used in conjunction with the sale of renewable energy credits ("**RECs**")); sales to other distribution licensees or electricity trading companies and sales through established electricity exchanges. A power generator is eligible to sell RECs, subject to certain conditions being satisfied, provided they do not sell electricity to state government utilities at promotional tariffs. IHDC currently sells electricity generated from three of its four operating projects to state government utilities at the established promotional tariffs and to creditworthy private off-takers for the fourth project. IHDC also plans to sell electricity from its projects currently under construction at promotional tariffs to the Himachal Pradesh State Electricity Board. For the remaining projects under development, IHDC is considering the option of selling the entire production to a third party off-taker along with registration and sale of RECs from these projects. This approach would allow a diversification of viable revenue sources to its various projects and provide significant upside. IHDC has also registered several of its projects for Certified Emissions Reductions ("**CERs**") with the United Nations Framework Convention on Climate Change ("**UNFCCC**") under the Kyoto Protocol's Clean Development Mechanism, with signed contracts for CER sales. It also plans to sell CERs from future projects.

Three of IHDC's four operational projects are located in the state of Maharashtra and are associated with multi-purpose storage reservoirs, with water releases used for irrigation, drinking water supply and power production. Power is produced from water releases from the reservoirs meant for irrigation and/or drinking water supply. IHDC is working with the water release authority to optimise water releases for power production. On average, approximately 40 per cent. of the power is produced during the "wet-season" or monsoon period (June through October) and the remaining power production is from controlled releases during the rest of the year. As a result of the strong monsoon in 2011, in the nine months ended 30 September 2011, IHDC has already produced over 120 GWh from its four operational projects.

Project Information

Summary information on IHDC's operational projects includes:

Bhandardara Power No. I (Maharashtra):

- a rehabilitation project, involving the redevelopment and enhancement of the plant's capacity to 12MW
- a PPA for 30 years with the Maharashtra State Electricity Board (renewable at mutually agreeable terms)
- contracted CER sales
- construction completed in 2001
- average Plant Load Factor ("**PLF**") of nearly 40 per cent. based on 10 years of operating history, with opportunities to further enhance the PLF through optimisation of water releases.

Bhandardara Power No. II (Maharashtra):

- located downstream from Bhandardara Power No. I
- a rehabilitation project, which involved the redevelopment and enhancement of the plant's capacity to 34MW
- designed as a peaking plant
- acquired in 2006
- revenue through payment of annual fixed charges which include the reimbursement of costs and a return on equity as approved by the Maharashtra Electricity Regulatory Commission plus incentives for availability above pre-established normative levels

Darna (Maharashtra):

- a 4.9MW project
- a PPA with Maharashtra State Electricity Distribution Company Limited, valid until 2045
- construction began in 2008 and began generating power in January 2011

Birsinghpur (Madhya Pradesh):

- a 2.2MW project
- a PPA for five years (renewable) with private industry off-takers at attractive rates, indexed to the retail electricity price from the distribution companies.
- construction completed in 2006
- a quasi-run-of-the-river plant with predictable water releases independent of weather-related hydrology (70 per cent. production during "dry-season"), with water flows coming from cooling water at an existing thermal power plant.
- average PLF of nearly 75 per cent. based on over 4 years of operating history.

IHDC's main projects under construction/development comprise:

H.P. Cluster No. I:

- three greenfield run-of-river projects totalling 13MW of capacity
- a PPA for 40 years with the Himachal Pradesh State Electricity Board
- construction started in 2007 and completion of two projects (approximately 10 MW) is expected in early 2012
- opportunity to expand the capacity of the third project from 5 MW to 10 MW with potential for third party sales at attractive power rates and sale of RECs
- hydrology supported by snow-melt, monsoon runoff and spring-fed flows with anticipated high PLFs.

Raura:

- an 8MW capacity greenfield run-of-the-river project which can be enhanced to 15MW of capacity
- construction is to begin in 2012, with completion expected in 2015
- hydrology supported by snow-melt, monsoon runoff and spring-fed flows with anticipated high PLFs.

Additionally, the Board of IIP recently approved a further investment of approximately £300,000 of equity into IHDC to construct and operate a 3MW project in Vaitarna which is located close to IHDC's two existing plants in the state of Maharashtra. This equity contribution will maintain IIP's stake in IHDC at 50 per cent. The plant would be expected to commence construction in early 2012 and commence generation approximately 30 months thereafter.

Valuation

The IHDC portfolio is valued using the Company's stated valuation methodology, but by using a composite risk premium of 4.15 per cent. computed by using a MW based weighted average of risk premiums of individual assets related to their stage of operation. A 2 per cent. risk premium was used for the Bhandardara I, II and Birsinghpur projects, whereas the "ramp-up" risk premium of 4 per cent. was used for the Darna project. To account for the inherent risks associated with upsizing one of the three construction projects, a higher risk premium of 7 per cent. (than the 6 per cent. for "construction phase" projects in IIP's stated methodology) was used for H.P. Cluster No. 1. An even higher risk premium of 8 per cent. was used for HP2 to account for activities associated with enhancing the capacity of Raura. The value for the IHDC investment as at 30 September 2011 is £24.8 million (31 March 2011: £25.7 million).

Indian Energy Limited ("IEL")

Summary

Description:	An independent power producer focused on wind farms, with 41,3MW production capacity over two operating wind farms.
Promoter:	IIP
Date of Investment:	21 September 2011
Amount of Investment:	£10.57m (implied value)
Aggregate Percentage Interest:	100%
Valuation as at 30 Sep 2011:	£10.3m
Project Debt:Equity Ratio (based on construction costs):	60:40
Key Highlights:	- Investment acquired in September 2011. - Identified pipeline of wind farm opportunities amounting to nearly 265MW. - Strong monsoon season saw Gadag generation return to long term expected production levels - Subject to cash flow and lending restrictions, IEL expects to commence dividend payments as soon as possible.

Investment Details

On 21 September 2011, the Company acquired the entire issued share capital of IEL in return for the issuance of 13.17 million ordinary shares in IIP, with an implied overall aggregate value of £10.57 million as of the time of the offer.

IEL, previously an AIM-listed company, is an independent power producer focused on wind farms in India. It currently owns and operates 41.3 MW across two wind farms. IEL has identified pipeline wind farm project opportunities of nearly 265 MW in several states that can be implemented over the coming 12 to 18 months. Of these, nearly 120 MW are near-term opportunities that can be commissioned in 9 months or less.

At both projects, the suppliers of the turbines have set up state-of-the art operations and maintenance infrastructure. Operations and maintenance is provided to IEL through comprehensive long term (10-year renewable) contracts with established pricing that include replacement of spares. In addition, IEL monitors all O&M activity through qualified on-site personnel.

With cash flow visibility already established through long term PPAs with state electricity boards at preferential tariffs, IEL is looking to implement a modified power sales strategy for its pipeline projects consisting of a mix of long term PPAs, short term merchant PPAs and selectively, PPAs at the Average Pooled Purchased Cost with state government utilities in conjunction with the sale of RECs.

As with all power sector projects in India, the projects implemented by IEL enjoy the benefits of a favourable tax regime involving a 10-year tax income tax holiday, but subject to an annual Minimum Alternative Tax ("**MAT**") of 20 per cent. on book profits. Any MAT paid during the tax holiday period is available as a credit after the tax holiday expires and the income tax reverts to the standard rate of 30 per cent.

All debt is obtained from State Bank of India with a floating interest rate linked to the bank's Base Rate, currently at 14 per cent. Dividend restrictions involve 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. Subject to availability of cash flows and lender restrictions, IEL expects to declare and distribute dividends as soon as possible.

Project Information

Gadag

The Gadag Project is a 24.8 MW wind farm situated in Karnataka, now in its third full year of operation. The power generated at Gadag is sold to the Bangalore Electricity Supply Company under a 20 year power purchase agreement. The revenue earned is Rs. 3.40 per kWh for the first 10 years. The Gadag Project experienced a much weaker than average monsoon in the 12 month period to 31 March 2011, which resulted in lower average wind speeds and, as a result, it generated 39.4 GWh of power, which was lower than its long term forecast. However, with a better wind regime during the 2011 Monsoon than in the previous two years, generation in the period April to September 2011 saw a return to the long term expected production levels.

The Gadag Project is registered as a Clean Development Mechanism under the Kyoto Protocol and is earning CERs. CERs have been forward sold to Standard Bank plc at a price of €11.50 per CER for the period to 31 December 2012 and CERs have been issued by the UNFCCC for the generation at the project up to 31 March 2011.

Theni

The Theni Project, a 16.5 MW wind farm, was fully commissioned on 13 August 2010 and as a result missed the bulk of the monsoon season for the 12 months ended 31 March 2011, generating 20.7 GWh. In the current year, issues relating to the availability of the grid of the Tamil Nadu Electricity Board ("**TNEB**") have hampered the ability to produce to its full potential. IEL is currently actively evaluating several options to sell stranded power resulting from occasional non-availability of TNEB's grid. Over the long term, production levels are expected to meet estimated figures based on initial studies.

The power from the Theni Project is being sold to the Tamil Nadu Electricity Board under a 20 year power purchase agreement at Rs. 3.39 per kWh. In addition, the project is also being established as a Clean Development Mechanism, to date, having obtained Host Country Approval. The project is also approved under the Generation Based Incentive scheme introduced by the Government of India and as a result, earns additional revenue of Rs. 0.50 per kWh.

Valuation

As of 30 September 2011, the IEL assets have been valued in accordance with the Company's stated valuation methodology by applying the "ramp-up" risk premium of 4 per cent. plus the risk-free rate of 8.35 per cent. to the discounted cash flow analysis. Although the Gadag project has been operating for over two years, the "ramp-up" rate was applied until the asset is fully integrated by IIP. The value so determined for the IEL assets is £10.3 million. This valuation is reflected in the Company Statement of Financial Position, in which the Company's investments in subsidiaries are shown at fair value. However, as IEL was a wholly owned subsidiary at that date, the Consolidated Statement of Financial Position includes a consolidation of IEL, as required by IFRS. Such a consolidation by definition does not incorporate the valuation of the investment.

Independent Review Report To Infrastructure India Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2011 which comprises Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 *Interim Financial Reporting.*

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

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

16 December 2011

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2011

	Note	(Unaudited) 6 months ended 30 September 2011 £'000	(Unaudited) 6 months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Investment income				
Interest income on bank balances		36	1	10
Movement in fair value of investments at fair value through profit or loss	9	(2,210)	1,769	10,820
Bargain purchase	14	1,905	-	-
Net investment income		**(269)**	**1,770**	**10,830**
Expenses				
Asset management and valuation services	7	1,220	-	154
Other administration fees and expenses	6	768	1,064	3,171
Foreign exchange loss		3	1	1
Total expenses		**1,991**	**1,065**	**3,326**
(Loss)/profit for the period / year before tax		**(2,260)**	**705**	**7,504**
Taxation		-	-	-
(Loss)/profit for the period / year		**(2,260)**	**705**	**7,504**
Other comprehensive income		-	-	-
Total comprehensive (loss)/profit for the period / year		**(2,260)**	**705**	**7,504**
Basic and diluted earnings per share (pence)	8	**(1.49)**	**1.88**	**15.4**

Company Statement of Comprehensive Income
for the six months ended 30 September 2011

	Note	(Unaudited) 6 months ended 30 September 2011 £'000	(Unaudited) 6 months ended 30 September 2010 Restated £'000	(Audited) Year ended 31 March 2011 Restated £'000
Investment income				
Interest income on bank balances		36	1	10
Interest on intercompany loans	16	551	-	998
Movement in fair value of investments at fair value through profit or loss	10	(4,376)	1,746	9,542
Net investment income		**(3,789)**	**1,747**	**10,550**
Expenses				
Other administration fees and expenses		674	1,041	3,045
Foreign exchange loss		2	1	1
Total expenses		**676**	**1,042**	**3,046**
(Loss)/profit for the period / year before tax		**(4,465)**	**705**	**7,504**
Taxation		-	-	-
(Loss)/profit for the period / year		**(4,465)**	**705**	**7,504**
Other comprehensive income		-	-	-
Total comprehensive (loss)/profit for the period / year		**(4,465)**	**705**	**7,504**
Basic and diluted earnings per share (pence)	8	**(2.95)**	**1.88**	**15.4**

Consolidated Statement of Financial Position
as at 30 September 2011

	Note	(Unaudited) 30 September 2011 £'000	(Unaudited) 30 September 2010 £'000	(Audited) 31 March 2011 £'000
Non-current assets				
Investments at fair value through profit or loss	9	125,631	41,729	111,341
Property, plant and equipment	16	26,132	-	-
Intangible assets		672	-	-
Deferred tax assets		418	-	-
Total non-current assets		**152,853**	**41,729**	**111,341**
Current assets				
Trade and other receivables	17	3,841	39	10
Derivative financial asset		294	-	-
Cash and cash equivalents		8,967	775	27,281
Total current assets		**13,102**	**814**	**27,291**
Total assets		**165,955**	**42,543**	**138,632**
Current liabilities				
Trade and other payables		(2,669)	(411)	(623)
Current tax liabilities		(126)	-	-
Loans and borrowings	18	(314)	-	-
Total current liabilities		**(3,109)**	**(411)**	**(623)**
Non-current liabilities				
Loans and borrowings	18	**(16,949)**	-	-
Total non-current liabilities		**(16,949)**	-	
Total liabilities		**(20,058)**	**(411)**	**(623)**
Net assets		**145,897**	**42,132**	**138,009**
Equity				
Share capital	11	1,638	398	1,506
Share premium	11	131,149	33,163	121,133
Retained earnings		13,110	8,571	15,370
Total equity		**145,897**	**42,132**	**138,009**

These financial statements were approved by the Board on 16 December 2011 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Company Statement of Financial Position
as at 30 September 2011

	Note	(Unaudited) 30 September 2011 £'000	(Unaudited) 30 September 2010 Restated £'000	(Audited) 31 March 2011 Restated £'000
Non-current assets				
Investments in subsidiaries at fair value through profit or loss	10	84,945	13,968	82,325
Loans to subsidiaries	10	50,676	27,770	28,832
Total non-current assets		**135,621**	**41,738**	**111,157**
Current assets				
Trade and other receivables	17	1,058	16	10
Cash and cash equivalents		8,016	767	27,278
Total current assets		**9,074**	**783**	**27,288**
Total assets		**144,695**	**42,521**	**138,445**
Current liabilities				
Trade and other payables		(1,003)	(389)	(436)
Total current liabilities		**(1,003)**	**(389)**	**(436)**
Net assets		**143,692**	**42,132**	**138,009**
Equity				
Share capital	11	1,638	398	1,506
Share premium	11	131,149	33,163	121,133
Retained earnings		10,905	8,571	15,370
Total equity		**143,692**	**42,132**	**138,009**

These financial statements were approved by the Board on 16 December 2011 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated Statement of Changes in Equity for the six months ended 30 September 2011

	Share capital	Share premium	Retained profit	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2010 (audited)	**367**	**31,887**	**7,866**	**40,120**
Profit for the period	-	-	705	705
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	31	1,328	-	1,359
Share issue costs	**-**	(52)	-	(52)
Total contributions by and distributions to owners	**31**	**1,276**	**-**	**1,307**
Balance at 30 September 2010 (unaudited)	**398**	**33,163**	**8,571**	**42,132**
Balance at 1 April 2010 (unaudited)	**367**	**31,887**	**7,866**	**40,120**
Total comprehensive income for the period:				
Profit for the year	-	-	7,504	**7,504**
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	1,139	92,860	-	93,999
Share issue costs	-	(3,614)	-	(3,614)
Total contributions by and distributions to owners	**1,139**	**89,246**	**-**	**90,385**
Balance at 31 March 2011 (audited)	**1,506**	**121,133**	**15,370**	**138,009**
Balance at 31 March 2011 (audited)	1,506	121,133	15,370	138,009
Total comprehensive income for the period:				
Loss for the period	-	-	(2,260)	(2,260)
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	132	10,458	-	10,590
Share issue costs	-	(442)	-	(442)
Total contributions by and distributions to owners	**132**	**10,016**	**-**	**10,148**
Balance at 30 September 2011 (unaudited)	**1,638**	**131,149**	**13,110**	**145,897**

Company Statement of Changes in Equity for the six months ended 30 September 2011

	Share capital	Share premium	Retained profit	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2010 (audited)	**367**	**31,887**	**7,866**	**40,120**
Profit for the period	-	-	705	705
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	31	1,328	-	1,359
Share issue costs	**-**	(52)	-	(52)
Total contributions by and distributions to owners	**31**	**1,276**	**-**	**1,307**
Balance at 30 September 2010 (unaudited)	**398**	**33,163**	**8,571**	**42,132**
Balance at 1 April 2010 (unaudited)	**367**	**31,887**	**7,866**	**40,120**
Total comprehensive income for the period:				
Profit for the year	-	-	7,504	**7,504**
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	1,139	92,860	-	93,999
Share issue costs	-	(3,614)	-	(3,614)
Total contributions by and distributions to owners	**1,139**	**89,246**	**-**	**90,385**
Balance at 31 March 2011 (audited)	**1,506**	**121,133**	**15,370**	**138,009**
Balance at 31 March 2011 (audited)	1,506	121,133	15,370	138,009
Total comprehensive income for the period:				
Loss for the period	-	-	(4,465)	(4,465)
Other comprehensive income	-	-	-	-
Transactions with owners recorded directly in equity:				
Issue of shares	132	10,458	-	10,590
Share issue costs	-	(442)	-	(442)
Total contributions by and distributions to owners	**132**	**10,016**	**-**	**10,148**
Balance at 30 September 2011 (unaudited)	**1,638**	**131,149**	**10,905**	**143,692**

Consolidated Statement of Cash Flows
for the six months ended 30 September 2011

	Note	(Unaudited) 6 months ended 30 September 2011 £'000	(Unaudited) 6 months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Cash flow from operating activities				
(Loss)/profit for the period / year		(2,260)	705	7,504
Adjustments:				
Interest income on bank balances		(36)	(1)	(10)
Movement in fair value of investments at fair value through profit or loss	9	2,210	(1,769)	(10,820)
Foreign exchange loss		3	1	1
Bargain purchase	14	(1,905)	-	-
Operating loss before changes in working capital		**(1,988)**	**(1,064)**	**(3,325)**
Increase in trade and other receivables		(1,055)	(1)	(59)
Increase/decrease in trade and other payables		354	(271)	28
		(2,689)	**(1,336)**	(3,356)
Interest received		36	1	10
Net cash utilised by operating activities		**(2,653)**	**(1,335)**	**(3,346)**
Cash flow from investing activities				
Acquisition of investments	9	(16,500)	(360)	(1,281)
Cash acquired on acquisition of subsidiary	14	904	-	-
Cash utilised by investing activities		**(15,596)**	**(360)**	**(1,281)**
Cash flows from financing activities				
Proceeds from issue of shares (net of share issue costs)	11	(62)	1,307	30,745
Net cash (used by)/generated from financing activities		**(62)**	**1,307**	**30,745**
Net (decrease)/increase in cash and cash equivalents		(18,311)	(388)	26,118
Cash and cash equivalents at the start of the period		27,281	1,164	1,164
Effect of exchange rate fluctuations on cash held		(3)	(1)	(1)
Cash and cash equivalents at the end of the period/year		**8,967**	**775**	**27,281**

Significant non-cash transaction

During the period Indian Energy Limited ("IEL") was acquired for £7,917,000. The Company issued 9,848,988 new ordinary shares of 1p each to the shareholders of IEL as consideration. In addition, it issued further 3,324,917 new ordinary shares to a former shareholder of IEL to redeem a shareholder loan to IEL.

Company Statement of Cash Flows
for the six months ended 30 September 2011

	Note	(Unaudited) 6 months ended 30 September 2011	(Unaudited) 6 months ended 30 September 2010 Restated	(Audited) Year ended 31 March 2011 Restated
		£'000	£'000	£'000
Cash flow from operating activities				
(Loss)/profit for the period / year		(4,465)	705	7,504
Adjustments:				
Interest income on bank balances		(36)	(1)	(10)
Interest income on intercompany loans		(551)	-	(998)
Movement in fair value of investments at fair value through profit or loss	10	4,376	(1,746)	(9,542)
Foreign exchange loss		2	1	1
Operating loss before changes in working capital		**(674)**	**(1,041)**	**(3,045)**
Increase in trade and other receivables		(1,048)	(12)	(6)
Increase/(decrease) in trade and other payables		185	(203)	(156)
		(1,537)	**(1,256)**	**(3,207)**
Interest received		36	1	10
Net cash utilised by operating activities		**(1,501)**	**(1,255)**	**(3,197)**
Cash flow from investing activities				
Additional investment in subsidiaries	10	(17,699)	(441)	(1,426)
Cash utilised by investing activities		**(17,699)**	**(441)**	**(1,426)**
Cash flows from financing activities				
Proceeds from issue of shares (net of share issue costs)	11	(62)	1,307	30,745
Net cash (used by)/generated from financing activities		**(62)**	**1,307**	**30,745**
Net (decrease)/increase in cash and cash equivalents		(19,262)	(389)	26,122
Cash and cash equivalents at the start of the period		27,278	1,156	1,156
Cash and cash equivalents at the end of the period/year		**8,016**	**767**	**27,278**

Significant non-cash transaction

During the period IEL was acquired for £7,917,000. The Company issued 9,848,988 new ordinary shares of 1p each to the shareholders of IEL as consideration. In addition, it issued further 3,324,917 new ordinary shares to a former shareholder of IEL to redeem a shareholder loan to IEL.

Selected notes to the interim consolidated financial statements for the six months ended 30 September 2011

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. The Company is admitted to trading on the AIM Market of the London Stock Exchange.

The Company's principal activity is to act as a holding company for a group of companies involved in infrastructure development within India.

The Group had seven full time employees working for Indian Energy Limited and its subsidiaries.

The interim consolidated financial statements of the Company as at and for the six months ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the "Group"). The interim consolidated and company financial statements are unaudited.

The consolidated financial statements of the Group as at and for the year ended 31 March 2011 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 and company 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 2011.

These interim consolidated and company financial statements were approved by the Board of Directors on 16 December 2011.

3. Significant accounting policies

Except as described below the accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2011.

During the period ended 30 September 2011, the Company (i.e. the parent company only) changed its accounting policy with respect to accounting for investments in subsidiaries. (For the avoidance of doubt, this has no effect on the consolidated financial statements.) In order to present information that is comparable with other investment companies, the Company now publishes the financial statements of the Company, which include investments in subsidiaries regarded as part of the Company's investing business at fair value, whereas previously the investments in subsidiaries were stated at cost. The effect of the change is to recognise a cumulative unrealised gain in the financial statements of the Company and thereby increase the reported net assets of the Company at 30 September 2011 by £17,389,000: the investments in subsidiaries are reported in the Company Statement of Financial Position at a fair value of £84,945,000 compared with a cost of £67,556,000.

This change in accounting policy has also been applied to the comparative figures, and led to an increase in the Company's reported net asset value as at 31 March 2011 of £21,765,000: the reported investments in subsidiaries and intercompany loans of £89,398,000, included investments at cost of £60,560,000 which have been restated in the comparatives at a valuation of £82,325,000.

4. 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. Except as described below, 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 2011.

During the six months ended 30 September 2011 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 9, 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 3, the Company's investments 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.

5. 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 2011.

6. Other administration fees and expenses

	(Unaudited)	(Unaudited)	(Audited)
	6 months ended 30 September 2011 £'000	6 months ended 30 September 2010 £'000	Year ended 31 March 2011 £'000
Audit fees	33	19	53
Legal fees	250	120	1,189
Corporate advisory fees	150	390	678
Public relations fees	37	29	60
Consultancy fees	55	12	14
Other professional costs	(16)	308	501
Administration fees	57	62	132
Directors' fees	105	68	410
Insurance costs	6	7	13
Other costs	25	49	121
Unrecovered VAT	66	-	-
	768	1,064	3,171

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

With effect from 3 March 2011, the Company, through its wholly owned subsidiary Infrastructure India HoldCo, entered into a Management Services Agreement with Guggenheim Franklin Park Management, LLC ("GFPM") and a Valuation and Portfolio Services Agreement with Akur Partners LLP ("Akur").

Under the Management Services Agreement, GFPM is entitled to a management fee paid quarterly in arrears which shall be an annual amount equal to 0.5 per cent. of the value of the assets of the Group at that date ("the Existing Assets") and 1.5 per cent. of the value of assets subsequently acquired ("the New

Assets"), for the first 24 months from that date and, thereafter, an annual amount equal to 2.0 per cent. of the Net Asset Value). The appointment is for an initial period of six years, and is subject to a one year notice period thereafter. Fees for the six month period ended 30 September 2011 amount to £594,000. Outstanding fees at 30 September 2011 were £318,272 (31 March 2011: £83,789).

Under the Valuation and Portfolio Services Agreement, Akur is entitled to a management fee paid quarterly in arrears which shall be an annual amount equal to 0.5 per cent. of the value of the New Assets and 1.5 per cent. of the value of the Existing Assets, for the first 24 months from that date and, thereafter, an annual amount calculated by reference to the Group's assets which shall not be less than £600,000 per annum or such higher amount as is agreed in writing between Akur and Infrastructure India HoldCo. Fees for the six month period ended 30 September 2011 amount to £625,000. Outstanding fees at 30 September 2011 were £331,956 (31 March 2011: £70,000).

8. 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 2011	**Company 30 September 2011**	**Group 30 September 2010**	**Company 30 September 2010**
(Loss)/Profit (£'000)	(2,260)	(4,465)	705	705
Weighted average number of shares (thousands)	151,245	151,245	37,527	37,527
Basic and diluted (loss)/earnings per share (pence)	(1.49p)	(2.95p)	1.88p	1.88p

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

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

	SMHPCL(i) £'000	**WMPITRL(ii) £'000**	**VLMS (iii) £'000**	**IHDC(iv) £'000**	**Total £'000**
Balance at 1 April 2010	17,400	22,200	-	-	39,600
Additional capital injection	-	360	-	-	360
Fair value adjustment	3,980	6,840	34,810	25,751	71,381
Balance as at 31 March 2011	21,380	29,400	34,810	25,751	111,341
Additional capital injection	16,500	-	-	-	16,500
Fair value adjustment	(71)	(1,244)	37	(932)	(2,210)
Balance as at 30 September 2011	37,809	28,156	34,847	24,819	125,631

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

The investments have been fair valued by the Directors as at 30 September 2011 using discounted cash flow techniques, as described in note 4. The discount rate adopted for all investments is the single "construction period" discount rate, which consists of the risk free rate of 8.35% (31 March 2011: 8.15%) plus a risk premium of 7% (31 March 2011: 7%) for SMHPCL and 4% (31 March 2011: 4%) for WMPITRL, 4.15% for IHDC (31 March 2011: Nil as valued at cost) and 8.85% for VLMS (31 March 2011: Nil as valued at cost).

A further investment of £16.5 million was made on 1 September 2011 into SMHPCL being the Company's second investment in this entity. With this additional investment, the Group's aggregate equity interest in SMHPCL will amount to approximately 17.7 per cent. (approximately 7.9 per cent. on a fully diluted basis).

10. Investments in subsidiaries at fair value through the profit and loss

	Loans to subsidiaries £'000	Equity £'000	Total £'000
Balance at 1 April 2010	**27,329**	**12,222**	**39,551**
Capital investment	-	60,561	60,561
Loan advances	505	-	505
Interest on loans	998	-	998
Fair value adjustment	-	9,542	9,542
Balance at 31 March 2011	**28,832**	**82,325**	**111,157**
Acquisition of subsidiary	2,673	7,917	10,590
Loan advances	17,699	-	17,699
Reclassification	921	(921)	-
Interest on loans	551	-	551
Fair value adjustment	-	(4,376)	(4,376)
Balance at 30 September 2011	**50,676**	**84,945**	**135,621**

The subsidiaries which hold the investments described in note 9 have been valued on the same basis, by applying those valuations to the subsidiaries investments. In addition, the investment in IEL and its subsidiaries has been valued using the same methodology and technique as in note 9, and with a risk free rate of 8.35% plus a risk premium of 4%.

11. Share capital and share premium

	No. of shares	**Share capital £'000**	**Share premium £'000**
Ordinary shares of £ 0.01 each	163,771,889	1,638	131,149
	163,771,889	1,638	131,149

On 21 September 2011, the Company obtained 100% control of IEL, an independent power producer focused on wind farms in India which currently owns and operates 41.3 MW across two wind farms (see note 13). The Company issued 9,848,988 new ordinary shares of 1p each to shareholders of IEL as consideration. In addition, it issued a further 3,324,917 new ordinary shares to a former shareholder of IEL to redeem a shareholder loan to IEL. This increased the number of issued ordinary shares from 150,597,984 to 163,771,889.

Warrants
7,340,000 warrants were issued pursuant to the initial placing (one warrant for every five ordinary shares issued). The warrants entitle the holder to subscribe for one Ordinary Share of one pence in the Company at any time in the five years from the initial placing, at an exercise price of £1 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 2011	**Company 30 September 2011**	**Group 31 March 2011**	**Company 31 March 2011**
Net assets (£'000)	145,897	143,692	138,009	138,009
Number of shares in issue	163,771,889	163,771,889	150,597,984	150,597,984
NAV per share	£0.89	£0.88	£0.92	£0.92

13. Group entities

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

14. Acquisition of Indian Energy Limited and its subsidiaries

On 21 September 2011, the Company obtained 100% control of IEL, an independent power producer focused on wind farms in India which currently owns and operates 41.3 MW across two wind farms.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities at the acquisition date:

	£'000
Property, plant and equipment	26,132
Intangible assets	672
Trade and other receivables	2,776
Deferred tax assets	418
Derivative financial asset	294
Cash and cash equivalents	904
Trade and other payables	(1,312)
Loans and borrowings	(17,263)
Intercompany loan	(2,673)
Current tax liabilities	(126)
Total net identifiable assets	**9,822**

Bargain purchase has been recognised as a result of the acquisition as follows:

	£'000
Total consideration transferred	7,917
Fair value of identifiable assets	(9,822)
Bargain purchase	**1,905**

There have been no subsequent changes to the fair value of the net assets acquired at the time of purchase.

Costs related to the acquisition of IEL amounted to £497,000 and are included in the Company's administration expenses and share issue costs.

15. Related party transactions

Guggenheim Franklin Park Management LLC ("GFPM") is a wholly owned subsidiary of Guggenheim Global Infrastructure Company Limited, which directly and indirectly owns 31.39% of the issued share capital of the Company, and receives fees in its capacity as Asset Manager as described in note 7.

16. Property plant and equipment

Details of the Group's property, plant and equipment are shown below.

	Freehold Land £'000	Wind energy convertors £'000	Payments on account and assets under construction £'000	Office equipment £'000	**Total £'000**
Value at acquisition	341	25,764	19	8	**26,132**

All the property, plant and equipment is held by the wholly owned subsidiary IEL.

17. Trade and other receivables

Included in the Group and Company trade and other receivables is an advance payment to an affiliate of VLMS for £1,000,000, made in September 2011. This was made to meet the funding requirements of VLMS, prior to the completion of the acquisition described in note 19. Following the acquisition, it forms part of the shareholder capital of VLMS.

18. Loans and borrowings

	Current 30 March 2011 £'000	Non current 30 March 2011 £'000
Working capital facility	118	-
Outstanding loan interest	196	-
Belgaum Wind Farms Private Limited (Terms SBI Base Rate + 4.25%)	-	9,044
iEnergy Wind Farms (Theni) Private Limited (Terms SBI Rate + 3.75%)	-	7,905
Total loans and borrowings	**314**	**16,949**

The loans are repayable in 49 quarterly instalments starting March 2009 for Belgaum and December 2010 for iEnergy.

19. Subsequent events

Acquisition of subsidiary
On 17 October 2011, the Company made a further acquisition of shares in VLMS. Previously the Group had an interest in approximately 37.39% of the issued share capital of VLMS, but following completion of the acquisition, the Group holds approximately 99.99%. The Company issued 54,988,993 new ordinary shares with a value of £58,288,333 (at an implied value of £1.06 per share) to certain shareholders of VLMS as consideration. Following the issue of the new ordinary shares, the Company's capital now consists of 218,760,882 ordinary shares and 7,340,000 warrants.

Director appointments and resignations
Following completion of the acquisition of VLMS, the Board appointed Vikram Viswanath as a director of the Company, with effect from 17 October 2011. Mr Viswanath is the chairman and managing director of VLMS.
On 1 December 2011, the Board appointed Mr. M. S. Ramachandran as an independent non-executive director of the Company.
On 1 December 2011, Mr. Rupert Cottrell resigned as a director of the Company.

Broker Appointment
On 13 October 2011, the Company appointed Macquarie Capital (Europe) Ltd ("Macquarie") as joint corporate broker. Macquarie is a global provider of banking, financial, advisory, investment and funds management services acting on behalf of institutional, corporate, and retail clients.