Infrastructure India plc

Report & Accounts
For the year ended 31 March 2016

CONTENTS

Joint statement from the Chairman and the Chief Executive 1
Directors' Report 12
Statement of Directors' Responsibilities 13
Corporate Governance Statement 14
Consolidated Statement of Comprehensive Income for the year ended 31 March 2016 16
Consolidated Statement of Financial Position at 31 March 2016 17
Consolidated Statement of Changes in Equity for the year ended 31 March 2016 18
Consolidated Statement of Cash Flows for the year ended 31 March 2016 19
Notes to the Financial Statements for the year ended 31 March 2016 20
Company Information 32

Joint statement from the Chairman and the Chief Executive

We are pleased to report Infrastructure India plc's ("IIP, the "Company" and together with its subsidiaries the "IIP Group") annual results for the year ended 31 March 2016.

Net Asset Value remained flat at £325.8 million (£0.48 per share) compared to 30 September 2015, principally as a result of softer forecasted markets for Distribution Logistics Infrastructure Limited ("DLI") and a revision of the value of IIP's interest in Western MP Infrastructure and Toll Roads Private Limited ("WMP") to its realised sale value which offset the strengthening of the Indian Rupee against Sterling at the end of the fiscal year and a decrease in the Indian 10 year bond yield which serves as the risk-free rate.

Macro-economic pressures, with a continuous drop in Indian exports over an unprecedented 14-month period by the end of the fiscal year, had an impact on IIP's largest asset, DLI, and the wider logistics industry. Indian economic growth predictions for 2016-2017 from various international agencies are currently a consensus of approximately 7.5%. Structural reforms such as the Goods and Services Tax ("GST") as well as reforms in land and labour are key to increasing India's economic growth potential. The Indian government continues to campaign for approval of the GST in parliament, a tax reform that would create a single national market and would prove beneficial to DLI's business plan.

Economic growth is widely expected to benefit from a partial recovery of international trade, the anticipated implementation of GST, commissioning of the dedicated freight corridor and the run-up to the Indian general election in 2019. The Indian government has meanwhile stepped up investment in infrastructure for railways, roads and ports, providing a welcome stimulus for the sector.

During the fiscal year, DLI commenced initial domestic and export-import ("Exim") operations at its Bangalore terminal facility and commenced construction at Chennai and Palwal in the National Capital Region. A Liquid Tank Farm and Auto Logistics Park were commissioned at Nagpur and DLI acquired some important new customers during the year, including international shipping lines, national manufacturing firms and a state owned multinational. DLI is also in negotiations for contracts with other key national and international customers. DLI's operating performance however was impacted by lower exports nationally, increased rail haulage charges for containers and the removal of an abatement in service tax available for container transportation by rail.

IIP's wind and small hydro performed largely in-line with expectations. For the large hydro, Shree Maheshwar Hydel Power Corporation Limited ("SMH"), a lack of unity amongst stakeholders continues to mire the project in uncertainty.

Financial performance

During the second half of the year, the value of the IIP Group's investments in its subsidiaries increased marginally to £334.5 million for the period ended 31 March 2016 (£331.6 million 30 September 2015 and £368.6 million 31 March 2015). Currency rates strengthened at the end of the fiscal year with GBP:INR rate of 94.97 as at 31 March 2016 against 100.28 in September 2015 and 92.76 in March 2015. The risk-free rate, based on the Indian 10-year bond, decreased to 7.47% as at 31 March 2016 from 7.54% on 30 September 2015 and 7.74% on 31 March 2015.

Total investment during the full fiscal year was £5.2 million, which was advanced to DLI to fund construction and working capital.

Transport

DLI is a supply chain transportation and container infrastructure company and one of the largest private operators in India with a nationwide network of terminals and a quality road and rail transportation fleet. The company has continued to make progress and is now operating from three of its four large terminals. In April 2015, DLI commenced initial domestic and export-import ("Exim") operations at its terminal facility in Bangalore and received in principle agreement from the Indian

Railways for the rail siding at its Integrated Logistics Park ("ILP"), which is already under construction. The Nagpur terminal began movement of cars and bulk cargo from its Auto Logistics Park and Private Freight Terminal and commissioned a Liquid Tank Farm. The Palwal terminal commenced handling and transportation of refrigerated containers and key infrastructure relating to Exim and domestic operations is also now complete.

For more than a year, the industry has been hampered by rail haulage charges which were increased by more than 24% for different slabs of tonnage and a Port Congestion Surcharge of 10%, which resulted in a reduction in the movement of containers to the hinterland by rail and some margin erosion during the year. However, subsequent to the year-end, in April 2016, the Port Congestion Surcharge was removed and a 10% reduction in service tax for movement of containers by rail is expected to have a positive impact across the sector. During the year, there were also some major weather-related disruptions in rail movement along key routes to western Indian ports. As a result, DLI planned alternative Exim and domestic routes connecting southern and western ports as well as forming strategic industry alliances.

During the year, DLI acquired some important new customers. These include international shipping lines, national manufacturing firms and a state owned multinational.

In April 2016 DLI received regulatory approval from the Customs Commissioner for its Nagpur terminal to commence export-import ("Exim") operations. This enables DLI to commence and ramp-up operations through its own customs bonded area at Nagpur, and crucially, the ability to operate the ILP to its full potential. DLI is scheduled to run its first Exim service from Nagpur at the end of July. Construction at its Bangalore and Palwal terminals continued towards full completion, which is anticipated in the latter half of 2016. DLI plans to commence operations from a Chennai CFS in early 2017, with the FTWZ commencing operations roughly one quarter later. DLI is entering a critical year as it looks to ramp up its terminals and begin a move towards strong profitability.

IIP announced in April 2016 that an agreement had been signed for the sale of its interest in WMP. IIP invested in WMP in 2008 through its wholly owned subsidiary Roads Infrastructure India ("RII"), which held a 26% interest in the asset. IIP's total investment in WMP amounted to £12.5 million, with the remaining 74% owned by Essel Infra. On 7 April 2016, RII entered into a binding agreement whereby RII agreed the sale of its entire 26% interest in WMP to an affiliate of Essel Infra for an agreed cash consideration on INR 2,030 (approximately £21.6 million at the exchange rate of GBP:INR 93.8 at that date). The sale price represented a discount of approximately 13% to the £25.0 million value ascribed to IIP's interest in WMP in its unaudited interim results for the period ended 30 September 2015. The transaction completed on 28 June 2016 and the net proceeds realised from the disposal will provide the Group with additional working capital resources.

Energy

India Hydropower Development Company's ("IHDC") overall production was higher than the same period last year despite a poor monsoon. This was the result of higher production at Bhandardara I in Maharashtra, the resumption of full generation at Darna and increased production at Panwi due to fewer plant shutdowns from silting. IHDC received formal approval from the Government of Himachal Pradesh to enhance the capacity of the Raura project from 8 MW to 12 MW and has correspondingly received approval for an additional loan to cover the costs associated with enhanced capacity. The project remains on-track for commercial operations to commence in 2017.

Overall production at Indian Energy Limited ("IEL") was lower due to weaker monsoonal winds as well as continued grid related issues at the Theni project. IEL has two operating wind farms, Theni, in Tamil Nadu, and Gadag, in Karnataka. Theni has continued to suffer grid availability issues that impact generation. Availability was around 76% during the year against 84% in the prior year. The state government is strengthening grid infrastructure but the progress of the upgrades has been slow and grid curtailment has been a persistent frustration. Despite these issues, Theni signed agreements with nine new industrial customers whilst slightly lowering its tariff reflecting lower thermal tariffs. Following a reduction in base rates by the Reserve Bank of India, interest rates on senior debt for Gadag and Theni reduced by 25 and 40 basis points each respectively. IEL has also retained its investment grade credit ratings for both projects.

There was no tangible progress at SMH. During the first half of the fiscal year, the promoter provided a detailed proposal to the lenders from a potential equity investor, which indicated their willingness to provide financing to complete the project as well as to ultimately refinance the principal value of the outstanding debt. The project's largest lenders, Power Finance Corporation Ltd ("PFC"), were unwilling to entertain the proposal and instead issued a notice of conversion of a portion of the sub-debt to equity and notified their intention to invoke the pledge of the promoter's shares, without the support of all stakeholders. A meeting held in March was inconclusive. PFC's successful invocation of pledged shares as well as the conversion of debt to equity would have the effect of reducing IIP's direct and indirect interest in SMH to 31.7% from 35.4%.

Company liquidity and financing

At the end of the period, the IIP Group had cash available of £5.1million. Post sale of WMP, and as at 30 June 2016, the Group's cash balances were £23.9m. IIP's current liquidity position is expected to provide the Group with sufficient cash resources to fund the business until approximately April 2017, when IIP's US$17 million working capital loan comes due. The Board is confident of either refinancing or repaying this loan.

We look forward to updating shareholders on the continued progress at DLI as well as developments at the Company's other businesses in the periods to come.

Tom Tribone & Sonny Lulla
21 July 2016

Infrastructure overview

In April, the International Monetary Fund ("IMF") downgraded its world economic growth forecast for the year to 3.2%. India, on the other hand, is expected to grow by around 7.5% despite external pressures.

For India to increase its growth potential, the IMF have highlighted the need for India to adopt structural reforms such as the introduction of a Goods and Services Tax ("GST"), reforms in land acquisition and the labour market. The Indian government continues to campaign for approval of the GST in parliament, a tax reform that would create a single national market and remove of a plethora of state taxes and regulation. For the logistics industry, the implementation of uniform GST will allow businesses to centralise distribution through much larger regional hubs.

In February 2016, the Indian Finance Minister announced measures to hike public investment in infrastructure by 22.5%, allocating $32 billion for infrastructure development in the fiscal year from 2016 to 2017. The budget has a strong focus on transport networks and improving the crippled state of much of the county's infrastructure in terms of capacity and efficiency, along with some measures to ease the regulatory burden on businesses.

For logistics, margins in domestic rail have been tight and Exim volumes depressed, so the removal of the Port Congestion Charge in April 2016 and the 10% reduction of service tax for movement of container by rail is good news for the industry. Early signs of some recovery in the sector are evident in the past few months.

Progress continues on the Dedicated Freight Corridor ("DFC") with construction reportedly accelerating on both the Western DFC and the Eastern DFC and a trial run on a section of the line successfully completed in March 2016. The project involves construction of six freight corridors providing much needed infrastructure and capacity, allowing higher freight throughput at greater speed. When commissioned, the DFC will divert up to 40% of freight traffic from Indian Railways and it is anticipated that it will push rail's share of freight from the existing 36% to 45% by 2019. DLI, with its large rail-linked terminals, is strategically well placed to benefit from the DFC. Phased commissioning of the DFC remains on target to commence in 2018.

In energy, renewables remain a key focus with support from both the Indian government and the private sector. The Minister for New & Renewable Energy announced that the country had attracted approximately $14 billion over the last 3 years in renewable energy investments, with the government providing $1 billion through incentives during that period. At the end of the fiscal year, India had added 7.1 GW of renewable energy capacity, with the total installed capacity for renewable energy standing at almost 43 GW.

The recognised need for greater capacity and more efficient infrastructure along with its acknowledged role as a force for economic growth is resulting in greater support from the Indian government.

REVIEW OF INVESTMENTS

Distribution Logistics Infrastructure Private Limited ("DLI")

Description	Supply chain transportation and container infrastructure company with a large operational road and rail fleet; developing four large terminals across India		
Promoter	A subsidiary of IIP		
Date of investment	**March 2011**	**October 2011**	**Jan 12 - Mar 15**
Investment amount	£34.8 million	£58.4 million	£79.8 million
Aggregate % interest	37.4%	99.9%	99.9%
Investment during the period	£5.3 million		
Valuation as at 31st March 2016	**£266.2 million**		
Project debt outstanding as at 31 March 2016	£72.1 million		

Key developments

- Macro and sector-specific headwinds adversely impacted the entire Indian logistics industry during the reporting period and while this affected DLI's operating performance, there have been positive signs of recovery during the recent quarter
- DLI received regulatory approval from the Customs Commissioner to commence export-import operations at its Nagpur terminal facility in April, enabling DLI to ramp-up operations through its own customs bonded area and commence booking import containers by shipping lines
- DLI has received "in-principle" approval from the Indian Railways for constructing the rail siding at its Bangalore facility. Final approvals are currently in process
- Construction activities on the remaining infrastructure at DLI's Palwal and Bangalore facilities are underway

Investment details

DLI is a supply chain transportation and container infrastructure company headquartered in Bangalore and Gurgaon with a material presence in central, northern and southern India. DLI provides a broad range of logistics services including rail freight, trucking, handling, customs clearing and bonded warehousing. During the reporting period, the Company invested approximately £5.2 million into DLI. This was primarily used for project related capital expenditure and working capital.

Developments

DLI's operating performance during the last twelve months was adversely impacted by macro and sector-specific headwinds, which included, inter alia, a continuous drop in exports nationally for 17 consecutive months, increase in rail haulage charges for containers by the Indian Railways ("IR"), a sharp reduction in road transportation costs, removal of an abatement of service tax available for container transportation by rail, and a curtailment of annual price increases by the market leader Concor at its ICDs. These factors affected the entire Indian logistics industry.

Recent macro developments are expected to benefit the Indian logistics sector during the current fiscal year. The recent removal of the Port Congestion Surcharge by IR in April 2016 for import containers and the restoration of abatement in Service Tax for rail movement of containers are expected to have a positive impact from the second quarter. The expectation of a better monsoon season in 2016 is pointing to an improvement in overall economic factors and domestic demand, which is expected to have a positive impact on DLI's performance in the remaining three quarters of the current fiscal year.

In April 2016, following revisions to government procedures for customs notifications, DLI received regulatory approval from the Customs Commissioner for its Nagpur terminal to commence export-import ("Exim") operations. This enables DLI to commence and ramp-up operations through its own customs bonded area at Nagpur, and crucially, the ability to operate the ILP to its full potential. Customs officials are currently

completing the testing of the electronic data interface and DLI management expect the requisite customs officers will be in post shortly to enable commencement of full Exim operations. DLI is scheduled to run its first Exim service from this terminal at the end of July. DLI management are also completing arrangements with shipping lines and freight forwarders for Exim activity.

DLI has received “In-principle” approval for construction of the rail siding at its Bangalore facility. Final approvals from the Indian Railways are progressing and when received, will allow the acceleration of the remaining construction activities. Operational activity from Bangalore has commenced from a nearby terminal, with regular train services to Chennai Port. Construction activities continue on the rail siding at DLI’s Palwal terminal. Customs approvals are also progressing for both Bangalore and Palwal.

At Chennai, the project land has been reconfigured following damage caused by the unprecedented floods in late 2015. The land at the new site has been consolidated and construction is expected to commence after necessary approvals are received for the revised site layout.

Valuation

As at 31 March 2016, the NPV of future IIP cash flows for DLI using the above assumptions is £266 million, an increase of approximately 2% on the valuation at 30 September 2015. The bulk of the impact relates to changes in business assumptions that account for completion delays, regulatory hurdles and overall economic headwinds. An appreciation of the Indian Rupee and positive impacts from a reduction in the risk-free rate since 30 September 2015 have offset the reduction observed in the second half of the reporting period.

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

Description	125km four lane toll road in western Madhya Pradesh, with a 25 year concession		
Promoter	Essel Group		
Date of investment	**Sept 2008**	**October 2009**	**June 2010**
Investment amount	£11.3 million	£0.9 million	£0.3 million
Aggregate % interest	26.0%	26.0%	26.0%
Investment during the period	Nil		
Valuation as at 31 March 2016	**£21.4 million**		
Project debt outstanding as at 31 March 2016	£54.9 million		

Key developments

- IIP completed the sale of its entire 26% interest in WMP to an affiliate of Essel Infra Projects Limited ("Essel Infra") for an agreed cash consideration of INR 2,030 (approximately £21.6 million at the prevailing INR:GBP exchange rate on 7 April 2016)

Investment details

WMP operates a 125km toll road in the central Indian state of Madhya Pradesh on a Build-Own-Transfer basis for a term of 25 years, which commenced in April 2008. There was no additional investment by IIP into the project during the reporting period.

Project update

During the period, WMP performed in line with expectations, with traffic growth continuing the upward trend evident at the half year.

As announced on 29 June 2016, IIP completed the sale of its entire 26% interest in WMP to an affiliate of Essel Infra, which held the remaining 74% interest in the asset. IIP invested in WMP in 2008 through its wholly owned subsidiary Roads Infrastructure India ("RII"), with total investment in WMP amounting to £12.5 million.

On 7 April 2016, RII entered into a binding agreement whereby RII agreed the sale of its entire interest in WMP to an affiliate of Essel Infra for an agreed cash consideration of INR 2,030 million (approximately £21.6 million at the exchange rate of GBP:INR 93.8 at that date). The transaction completed on 28 June 2016.

Valuation

Based on the agreed and realised sale price of INR 2,030 million, WMP was valued at £21.4 million as at 31 March 2016, which reflects the exchange rate of GBP:INR 94.97 as at that date.

India Hydropower Development Company LLC (“IHDC”)

Description IHDC is a company that develops, owns and operates small hydropower projects with six fully operational plants (62 MW of installed capacity), and a further 21 MW of capacity under development or construction

Promoter Dodson-Lindblom International Inc.

Date of investment	**March 2011**	**January 2012**	**May 2012**
Investment amount	£25.7 million	£0.3 million	£1.1 million
Aggregate % interest	50.0 per cent	50.0 per cent	50.0 per cent
Investment during the period	Nil		
Valuation as at 31 March 2016	**£26.0 million**		
Project debt outstanding as at 31 March 2016	£11.1 million		

Key developments

- Overall generation from IHDC’s operational projects during the period was 152 GWh against 121 GWh the previous year, due mainly to higher production at BH-I, plant stabilisation and increased generation at Panwi and full resumption of operations at Darna
- Following the transfer of irrigation controls to Nilwande dam, BH-I now benefits from increased utilisation of water releases for power production and IHDC expects substantially higher generation at BH-I going forward
- Formal approval was received from the Government of Himachal Pradesh (“GoHP”) to enhance the capacity of its Raura project from 8 MW to 12 MW, with an additional loan sanctioned for the enhanced capacity

Investment details

The IHDC portfolio has an installed capacity of approximately 62 MW across six projects – Bhandardara Power House I (“BH-I”), Bhandardara Power House II (“BH-II”) and Darna in Maharashtra; Birsinghpur in Madhya Pradesh; and Sechi and Panwi in Himachal Pradesh. IHDC has an additional 21 MW of capacity under development and construction with planned capacity at two sites having been revised upwards.

Project update

The overall generation from IHDC’s operational projects was 152 GWh during the fiscal year against 121 GWh the previous year. The increase was mainly due to higher production from BH-I, full resumption of operations at Darna and increased production due to plant stabilisation and reduced shutdowns from silting at Panwi.

Generation from the BH-I plant was higher during the reporting period than in previous years. The increased production is attributable to its ability to utilise a greater proportion of irrigation releases for power production, facilitated by a shifting of irrigation controls to the Nilwande dam located downstream. Darna, which suffered extensive damage in July 2014, is now fully operational with all the civil and electrical repairs complete.

Production at the Sechi plant was marginally lower than the previous year due to delayed monsoon rainfall in Himachal Pradesh during the reporting period. The Panwi project continues to experience silting issues at the trench weir due to ongoing construction at an upstream dam. This has resulted in plant shutdowns to clean the intake and silting tanks. IHDC installed equipment at the trench weir and implemented a routine flushing schedule to alleviate the silting problem, which resulted in higher year-on-year production.

At Raura, IHDC received formal approval from the GoHP to enhance generation capacity from 8 MW to 12 MW. The additional costs associated with the enhanced capacity are being met by increased debt. Civil work on the project is continuing and the majority of the excavation and tunnelling at the project’s intake has been completed. The project remains on-track for commercial operations to commence in 2017. Development activities continue on the Melan project.

Valuation

The IHDC portfolio was valued in accordance with the Company's stated valuation methodology, by using a composite risk premium of 3.23% over the risk-free rate of 7.47%. The composite risk premium is computed using a MW-based weighted average of risk premia of individual assets related to their stage of operation. The value for the IHDC investment as at 31 March 2016 is £26.0 million (£24.7 million 30 September 2015; £23.1 million 31 March 2015).

Shree Maheshwar Hydel Power Corporation Limited ("SMH")

Description	400MW hydropower project on the Narmada River near Maheshwar in Madhya Pradesh	
Promoter	Entegra Limited	
Date of investment	**June 2008**	**September 2011**
Investment amount	£13.2 million	£16.5 million
Direct and indirect % interest	20.5%	35.4%
Investment during the period	Nil	
Valuation as at 31 March 2016	**£9.4 million**	
Project debt outstanding as at 31 March 2016	£292 million	

Key developments

- The project's lenders received a detailed proposal from an equity investor to fund completion of the project, which included an offer to refinance the principal value of the outstanding debt
- The lead lender, Power Finance Corporation ("PFC") were unwilling to properly consider the proposal and instead issued a notice of conversion of a portion of the sub-debt to equity and their intention to invoke the pledge of promoters shares, actions which were not supported by all stakeholders
- A meeting held in March was inconclusive but if PFC were successful in these actions, IIP's direct and indirect interest would reduce to 31.7% from 35.4%

Investment details

SMH is constructing a 400MW hydropower project (ten turbines of 40MW each) situated on the Narmada River near Maheshwar, in the southwestern region of Madhya Pradesh. The project is intended to produce peaking power and to supply drinking water to the city of Indore. Civil works are largely complete with 27 gates and three of the ten turbines installed.

Current status of the project and financing update

During the reporting period, the promoter provided a detailed proposal to the lenders from a potential equity investor, which indicated their willingness to provide financing to complete the project as well as to ultimately refinance the principal value of the outstanding debt.

The project's largest lenders were unwilling to entertain the proposal and instead issued a notice of conversion of a portion of the sub-debt to equity and notified their intention to invoke the pledge of the promoters shares, without the support of all stakeholders. A meeting held in March was inconclusive. If PFC is successful in effecting the invocation of pledged shares as well as the conversion of debt to equity, IIP's direct and indirect interest would be reduced to 31.7% from 35.4%.

The Indian Registrar of Companies ("ROC") has requested an explanation for the actions taken and recommended that the differences between the promoter and PFC be amicably resolved. It is unclear whether this intervention will result in any cooperation. IIP continues to monitor and engage with stakeholders.

Valuation

Several forecast assumptions were adjusted to account for the continuing uncertainty on the terms and timing of project completion and the higher risk premium of 8% was retained. The value of IIP's investment in SMH as at 31 March 2016 was £9.4 million (£8.6 million 30 September 2015; £10.5 million 31 March 2015), largely attributable to the appreciation of the Indian Rupee against the Pound sterling and the reduction in the risk free rate during the six-month period. The value of IIP's stake in the project will be largely dictated by the actions and timelines associated in reaching a viable plan to complete the project.

Indian Energy Limited ("IEL")

Description	An independent power producer focused on renewable energy, with 41.3 MW installed capacity over two operating wind farms	
Promoter	IIP	
Date of investment	**September 2011**	**October 2011 – December 2012**
Investment amount	£10.6 million	£0.9 million
Aggregate % interest	100%	100%
Investment during the period	Nil	
Valuation as at 31 March 2016	**£12.5 million**	
Project debt outstanding as at 31 March 2016	£10.1 million	

Key developments

- Overall production was lower during the fiscal year due to weak monsoonal winds and grid related issues at the Theni project
- Although grid availability at the Theni project was lower at around 76% during the period against 84% the previous year, it has shown consistent improvement in recent months
- Theni's tariff was renegotiated and marginally reduced to INR 5.73/KWh versus INR 6.01/kWh as a result of lower thermal tariffs

Investment details

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

Project update

The total production from IEL's two projects was 60.7 million KWhs during the fiscal year against 71.9 million KWHs in the prior year. This was due largely to a poor monsoon with extended El Nino weather patterns resulting in lower southwest winds. Ongoing grid related issues at the Theni project persisted during the period, with grid availability at approximately 76% during the year against approximately 84% the previous year. However, progressive improvement in grid availability has been evident in recent months due to corrective measures implemented by TNEB. IEL management expects this trend to continue. Both Gadag and Theni operate with very high machine availability of 99% and 98%, respectively.

Recent reductions in thermal tariffs in Tamil Nadu resulted in pricing pressures for the Theni project with its group captive customers. A new tariff of INR 5.73/KWh has been agreed for the project output with a revised mix of industrial customers.

Valuation

The IEL assets were valued in accordance with the Company's stated valuation methodology by applying a 2% risk premium above the risk-free rate of 7.47%, yielding a valuation of £12.52 million as at 31 March 2016 (£11.3 million 30 September 2015; £12.56 million 31 March 2015).

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Group for the year ended 31 March 2016.

Principal activity and incorporation

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

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

Results and dividends

The Group's results for the year ended 31 March 2016 are set out in the Consolidated Statement of Comprehensive Income.

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

The Directors do not recommend the payment of a dividend (2015: nil)

Directors

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

Tom Tribone	Chairman
Rahul Sonny Lulla	Chief Executive
Timothy Walker	Non Executive Director and Audit Committee Chairman
Robert Venerus	Non Executive Director
Madras Seshamani Ramachandran	Non Executive Director
Vikram Viswanath	Non Executive Director (resigned 12 October 2015)

Directors' interests in the shares of the Company are detailed in note 17.

Company Secretary

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

Auditors

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

On behalf of the Board

Sonny Lulla
Director
21 July 2016

Statement of Directors' Responsibilities

In Respect of the Annual Report and the Financial Statements

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

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

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

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

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

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

The Directors confirm that to the best of our knowledge:

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

On behalf of the Board

Sonny Lulla
Director
21 July 2016

Corporate Governance Statement

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

Responsibilities of the Board

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

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

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

Audit Committee

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

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

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

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

Report of the Independent Auditors, KPMG Audit LLC, to the members of Infrastructure India plc for the year ended 31 March 2016

We have audited the financial statements of Infrastructure India plc for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of Directors and Auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2016 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

Emphasis of matter – valuation of unquoted investments

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 5 and 12 concerning the valuation of the investments in unquoted Indian infrastructure companies of £334,518,000. These are stated at Directors' valuation, based on valuations prepared by the Asset Manager. The valuation technique used is discounted cash flows, with the exception of the investment in Western MP Infrastructure and Toll Road Pvt Ltd, which is stated at the amount of post year-end sales proceeds. Due to the inherent uncertainty associated with the determination of the valuations, the amount realised on the disposal of investments may differ materially from the amount at which they are stated in the financial statements. The impact of such uncertainty cannot be quantified.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN
21 July 2016

Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Interest income on bank balances		-	18
Movement in fair value on investments at fair value through profit or loss	12	(39,275)	106,650
Foreign exchange (loss)/gain		(514)	2,316
Investment management, advisory and valuation fees	7	(5,911)	(4,833)
Other administration fees and expenses	6	(1,175)	(1,201)
Operating (loss)/profit		(46,875)	102,950
Finance costs	8	(864)	(1,168)
(Loss)/profit before taxation		(47,739)	101,782
Taxation		-	-
(Loss)/profit for the year		(47,739)	101,782
Other comprehensive income		-	-
Total comprehensive (loss)/income		(47,739)	101,782
Basic and diluted (loss)/income per share (pence)	10	(7.02)p	18.6p

The Directors consider that all results derive from continuing activities.

The notes referred to above form an integral part of the financial statements.

Consolidated Statement of Financial Position
at 31 March 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Investments at fair value through profit or loss	12	334,518	368,638
Total non-current assets		334,518	368,638
Current assets			
Debtors and prepayments		71	41
Cash and cash equivalents		5,162	18,213
Total current assets		5,233	18,254
Total assets		339,751	386,892
Non-current liabilities			
Long term loans and borrowings	16	(11,837)	(11,472)
Total non-current liabilities		(11,837)	(11,472)
Current liabilities			
Trade and other payables	15	(1,654)	(1,417)
Current loans and borrowings	16	(422)	(426)
Total current liabilities		(2,076)	(1,843)
Total liabilities		(13,913)	(13,315)
Net assets		325,838	373,577
Equity			
Ordinary share capital	13	6,803	6,803
Share premium	13	282,787	282,787
Retained earnings		36,248	83,987
Total equity		325,838	373,577

The notes referred to above form an integral part of the financial statements.

These financial statements were approved by the Board on 21 July 2016 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 April 2014	**3,427**	**226,711**	**(17,795)**	**212,343**
Contributions by and distributions to owners				
Issue of ordinary shares	3,376	57,393	-	60,769
Share issue costs	-	(1,317)	-	(1,317)
Total contributions by and distributions to owners of the Company	**3,376**	**56,076**	**-**	**59,452**
Total comprehensive income for the year				
Profit for the year	-	-	101,782	101,782
Total comprehensive income for the year	**-**	**-**	**101,782**	**101,782**
Balance at 31 March 2015	**6,803**	**282,787**	**83,987**	**373,577**
Balance at 1 April 2015	**6,803**	**282,787**	**83,987**	**373,577**
Total comprehensive loss for the year				
Loss for the year	**-**	**-**	**(47,739)**	**(47,739)**
Total comprehensive loss for the year	**-**	**-**	**(47,739)**	**(47,739)**
Balance at 31 March 2016	**6,803**	**282,787**	**36,248**	**325,838**

The notes referred to above form an integral part of the financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
(Loss)/profit for the year		(47,739)	101,782
Adjustments:			
Interest income on bank balances		-	(18)
Finance costs		864	1,168
Movement in fair value on investments at fair value through profit or loss	12	39,275	(106,650)
Foreign exchange loss/(gain)		514	(2,316)
		(7,086)	(6,034)
Decrease in trade and other payables		(30)	(27)
Decrease in debtors and prepayments		237	75
Net cash utilised by operating activities		**(6,879)**	**(5,986)**
Cash flows from investing activities			
Purchase of investments	12	(5,155)	(40,632)
Interest received		-	18
Cash utilised by investing activities		**(5,155)**	**(40,614)**
Cash flows from financing activities			
Proceeds from issue of shares (less share issue costs)		-	59,452
Loans received	16	-	9,591
Loans repaid	16	-	(9,591)
Loan interest paid	16	(871)	(988)
Net cash (utilised)/raised from financing activities		**(871)**	**58,464**
(Decrease)/increase in cash and cash equivalents		**(12,905)**	**11,864**
Cash and cash equivalents at the beginning of the year		18,213	2,762
Effect of exchange rate fluctuations on cash held		(146)	3,587
Cash and cash equivalents at the end of the year		**5,162**	**18,213**

The notes referred to above form an integral part of the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2016

1. General information

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

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

The Company has no employees, however, the Company's subsidiaries Distribution Logistics Infrastructure Limited and Indian Energy Limited had together approximately 320 employees as at 31 March 2016.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on 21 July 2016.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

3. Summary of significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries and subsidiary undertakings). Control is achieved where the Company has power over an investee, exposure or rights to variable returns and the ability to exert power to affect those returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As an investment entity under the terms of the amendments to IFRS 10 Consolidated Financial Statements the Company is not permitted to consolidate its controlled portfolio entities.

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

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

3.2 Segment reporting

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

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

3.3 Income

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

Interest income is recognised on an accrual basis using the effective interest method.

3.4 Expenses

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

3.5 Taxation

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

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

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

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

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

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

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

3.6 Foreign currency transactions

Transactions and balances

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

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

Foreign operations

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

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

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

3.7 Financial instruments

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.8 Investments

Investments of the Group are categorised as at fair value through profit or loss and are measured at fair value. Unrealised gains and losses arising from revaluation are taken to the profit or loss.

The Group has taken advantage of an exemption in IAS 28, Investments in Associates, which permits investments in associates held by venture capital organisations, investment funds and similar entities to account for such investments at fair value through profit or loss.

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

3.9 Trade and other receivables

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

3.10 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities are initially recognised at fair value less any directly attributable transactions costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Equity instruments are recorded at proceeds received net issue costs.

3.11 Provisions

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

3.12 Share issue costs

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

3.13 Dividend distribution

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

3.14 Cash and cash equivalents

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

3.15 Interest expense

Interest expenses for borrowings are recognised within "finance costs" in the profit or loss using the effective interest rate method.

3.16 Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

3.17 Standards issued but not yet adopted

There are no standards or interpretations with an effective date on or after 1 April 2016 that are likely to have a significant effect on the financial statements.

4. Capital and financial risk management

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and other long term loans as shown in the consolidated statement of financial position, less cash and cash equivalents.

The following table summarises the capital of the Group:

	2016 £'000	2015 £'000
Long term loans and borrowings	12,259	11,898
Less: cash and cash equivalents	(5,162)	(18,213)
Net debt	7,097	(6,315)
Total equity	325,836	373,576
Total capital	**332,933**	**367,261**
Gearing ratio	**2.1%**	**(1.7%)**

Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

Net assets denominated in Indian Rupee at the year-end amounted to £334.5 million (2015: £368.6 million), representing the Group's investments in Indian Companies. At 31 March 2016, had the exchange rate between the Indian Rupee and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £30.6 million (2015: £34.0 million). This exposure is unhedged.

Net assets denominated in USD at the year-end amounted to £4.8 million (2015: £18.0 million), comprising cash and cash equivalents. At 31 March 2016, had the exchange rate between the USD and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £0.8 million (2015: £1.8 million). This exposure is unhedged.

(ii) Market price risk

The Group is exposed to market risk arising from its investment in unlisted Indian infrastructure companies due to factors that affect the overall performance of the financial markets. These investments present a risk of capital loss. The Board is responsible for the selection of investments and monitoring exposure to market price risk. All investments are in Indian infrastructure projects.

If the value of the Group's investment portfolio had increased by 5%, the Group's net assets would have increased by £16.7 million (2015: £18.4 million). A decrease of 5% would have resulted in an equal and opposite decrease in net assets.

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

The Group's cash and cash equivalents are invested at short term market interest rates. The Loans and borrowings attract a fixed interest rate of 7.5% per annum, payable semi-annually during the Facility period.

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

31 March 2016	Less than 1 month £'000	0 to 1 month £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	334,518	334,518
Trade and prepayments	-	-	-	-	-	71	71
Cash and cash equivalents	5,162	-	-	-	-	-	5,162
Total financial assets	5,162	-	-	-	-	334,889	339,751
Financial liabilities							
Trade and other payables	-	-	-	-	-	(1,654)	(1,654)
Loans and borrowings	-	-	(422)	(11,837)	-	-	(12,259)
Total financial liabilities	-	-	-	-	-	(1,654)	(13,913)
Total interest rate sensitivity gap	5,162	-	(422)	(11,837)	-	-	-

31 March 2015	Less than 1 month £'000	0 to 1 month £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	368,638	368,638
Trade and prepayments	-	-	-	-	-	41	41
Cash and cash equivalents	18,213	-	-	-	-	-	18,213
Total financial assets	18,213	-	-	-	-	368,679	386,892
Financial liabilities							
Trade and other payables	-	-	-	-	-	(1,417)	(1,417)
Loans and borrowings	-	-	(426)	(11,472)	-	-	(11,898)
Total financial liabilities	-	-	-	-	-	(1,417)	(13,315)
Total interest rate sensitivity gap	18,213	-	(426)	(11,472)	-	-	-

(b) Credit risk

Credit risk may arise from a borrower failing to make required payments on investments, cash balances and debtor balances. The amount of credit risk is equal to the amounts stated in the statement of financial position for each of these assets. All the cash balances are held with various Barclays bank accounts. The Standard & Poor's credit rating of Barclays Bank plc is A- (Negative).

(c) Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet short term financial demands. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding.

Residual undiscounted contractual maturities of financial liabilities:

31 March 2016	Less than 1 month £'000	0 to 1 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,654	-	-	-
Loans and borrowings	-	-	422	11,837	-	-
Total	-	-	2,076	11,837	-	-

31 March 2015	Less than 1 month £'000	0 to 1 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,417	-	-	-
Loans and borrowings	-	-	426	11,472	-	-
Total	-	-	1,843	11,472	-	-

5. Critical accounting estimates and assumptions

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

Key sources of estimation uncertainty

Determining fair values

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

Critical judgements in applying the Group’s accounting policies

Valuation of financial instruments

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

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

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss (note 12)			
Shree Maheshwar Hydel Power Corporation Ltd	-	-	9,394
Western MP Infrastructure & Toll Road Pvt. Ltd*	-	-	20,375
India Hydropower Development Company, LLC	-	-	26,009
Distribution Logistics Infrastructure Private Ltd	-	-	266,221
Indian Energy Limited	-	-	12,519
	-	-	334,518

*Western MP Infrastructure & Toll Road Pvt. Ltd is valued at the agreed and realised sale price of INR 2,030 million (£21.4 million) as at 31 March 2016, which reflects the exchange rate of GBP:INR 94.97 as at that date. A further provision for £1 million has been set against the value for potential liabilities.

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

	£'000
Fair value brought forward	368,638
Additional capital injected	5,155
Movement in fair value	(39,275)
Fair value at year end	334,518

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £34 million (2015: £42 million).

6. Other administration fees and expenses

	2016 £'000	**2015 £'000**
Audit fees	74	69
Legal fees	38	39
Loan arrangement fee	-	96
Corporate advisory fees	125	197
Consultancy fees	199	130
Other professional costs	245	49
Administration fees	142	158
Directors' fees (note 14)	205	230
Insurance costs	10	12
Other costs	137	221
	1,175	**1,201**

7. Investment management, advisory and valuation fees

Franklin Park Management, LLC (the "Asset Manager" or "FPM") is the exclusive provider of asset management and related services and is paid an annual management fee of 2% of the value of the Group's assets less adjustment for increase in assets purchased from the 2014 placing proceeds. Other service providers may be sub-contracted to the Asset Manager as needed.

Fees for the year ended 31 March 2016 were £5,910,900 (31 March 2015: £4,832,600). The amount of management fees outstanding as at 31 March 2016 amounted to £1,482,841 (2015: £1,232,393).

8. Finance costs

	2016 £'000	2015 £'000
Loan interest expense (note 16)	864	1,168
	864	**1,168**

9. Taxation

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

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

10. Basic and diluted (loss)/earnings per share

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

	2016	2015
(Loss)/profit attributable to shareholders (£ thousands)	(47,739)	101,782
Weighted average number of ordinary shares in issue (thousands)	680,267	547,074
Basic and diluted (loss)/earnings per share (pence)	(7.02)p	18.6p

There is no difference between basic and diluted (loss)/earnings per share.

11. Investments in subsidiaries

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

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest**
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Roads Infrastructure India	Mauritius	100%
Power Infrastructure India (Two)	Mauritius	100%
Distribution and Logistics Infrastructure India	Mauritius	100%

Non-consolidated subsidiaries held at fair value through profit or loss

Distribution & Logistics Infrastructure sub group (formerly VLMS):		
Distribution Logistics Infrastructure Private Limited	India	99.9%
Freightstar Private Limited	India	99.9%
Deshpal Realtors Private Limited	India	99.8%
Bhim Singh Yadav Property Private	India	99.9%

Indian Energy Limited sub group (IEL):		
Indian Energy Limited	Guernsey	100%
Indian Energy Mauritius Limited	Mauritius	100%
Belgaum Wind Farms Pvt Limited	India	100%
iEnergy Wind Farms (Theni) Pvt Limited	India	74%
iEnergy Renewables Pvt Limited	India	100%

India Hydropower Development Company sub group (IHDC):		
India Hydropower Development Company LLC	Delaware	50%
Franklin Park India LLC	Delaware	100%

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

At 31 March 2016, the Group held five investments in unlisted equity securities. Four of the investments are held by the Company's wholly owned subsidiaries in Mauritius and one is held directly by the Company.

The investments are recorded at fair value as follows:

	SMHPCL £'000	WMPITRL £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Year ended 31 March 2016						
Fair value brought forward	9,480	25,405	23,099	298,097	12,557	368,638
Additional capital invested	-	-	-	5,155	-	5,155
Fair value adjustment	(86)	(5,030)	2,910	(37,031)	(38)	(39,275)
Balance as at 31 March 2016	9,394	20,375	26,009	266,221	12,519	334,518

	SMHPCL £'000	WMPITRL £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Year ended 31 March 2015						
Fair value brought forward	13,091	21,267	20,161	155,562	11,275	221,356
Additional capital invested	-	-	-	40,632	-	40,632
Fair value adjustment	(3,611)	4,138	2,938	101,903	1,282	106,650
Balance as at 31 March 2015	9,480	25,405	23,099	298,097	12,557	368,638

(i) Shree Maheshwar Hydel Power Corporation Ltd ("SMHPCL")
(ii) Western MP Infrastructure and Toll Road Pvt Ltd ("WMPITRL")
(iii) India Hydropower Development Company LLC ("IHDC")
(iv) Distribution Logistics Infrastructure ("DLI")
(v) Indian Energy Limited ("IEL")

All investments, except WMPITR, have been fair valued by the Directors as at 31 March 2016 using discounted cash flow techniques, as described in note 5. The discount rate adopted for the investments is the risk free rate (based on the Indian government 10 year bond yields) plus 8% for SMHPCL, 3.23% for IHDC, 7% for DLI and 2% for IEL. WMPITR is valued at the agreed and realised sale price of INR 2,030 million (£21.4 million) as at 31 March 2016, which reflects the exchange rate of GBP:INR 94.97 as at that date. A further provision for £1 million has been set against the value for potential liabilities.

All investments particularly those in construction phase are inherently difficult to value due to the individual nature of each investment and as a result, valuations may be subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date.

As at 31 March 2016, the Company had pledged 51% of the shares in DLI, totalling 66,677,000 shares of INR 10 each, as part of the terms of a term loan within the underlying investment entity. In addition, the Company had provided a non-disposal undertaking of 51% of the shares in IEL, totalling 25,508,980 shares of 1 penny each, as part of the terms of a loan agreement within the underlying investment entity.

13. Share capital

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2015	680,267,041	6,803	282,787
Issued during the year	-	-	-
Balance at 31 March 2016	680,267,041	6,803	282,787

14. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2016:

Vikram Viswanath (resigned 12 October 2015)	42,488,993	Ordinary Shares
Timothy Walker	181,667	Ordinary Shares
Sonny Lulla	650,000	Ordinary Shares

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

	2016 £'000	2015 £'000
Timothy Walker	90	90
Madras Seshamani Ramachandran	90	90
Vikram Viswanath (resigned 12 October 2015)	25	50
	205	230

15. Trade and other payables

	2016 £'000	2015 £'000
Trade payables	62	87
Accruals and other payables	1,592	1,330
	1,654	1,417

16. Loans and borrowings

On 8 April 2013, the Company entered into a working capital loan facility agreement with GGIC Ltd (formerly Guggenheim Global Infrastructure Company Limited) ("GGIC") for up to US$17 million. The loans are repayable on 10 April 2017 and attract an interest rate of 7.5% per annum, payable semi-annually during the facility period. The Company's ultimate controlling party during the year was GGIC and affiliated parties.

As at 31 March 2016 the Company had fully drawn down the loan facility and had interest payable of US$ 1.3 million during the year (2015: US$ 1.3 million). The amount of accrued interest outstanding as at 31 March 2016 amounted to US$ 0.6 million (2015: US$ 0.6 million).

17. Related party transactions

Management services and directors fees

As described in note 7, FPM is party to a Management Services Agreement with the Group. The executive management team of FPM consists of Tom Tribone, Robert Venerus and Sonny Lulla, who are also directors of the Company. See note 14 for Directors' fee and Directors' interest details.

As detailed in note 7, fees payable to FPM in respect of management services for the year ending 31 March 2016 amounted to £5,910,858 (2015: £4,832,600). The amount of management fees outstanding as at 31 March 2016 amounted to £1,482,841(2015: £1,232,393).

Loans and borrowings

On 8 April 2013, the Company entered into a working capital loan facility agreement with GGIC for up to US$17 million. The loans advanced under this facility are repayable on 10 April 2017 and attract an interest rate of 7.5% per annum, payable semi-annually during the facility period (see note 16).

Incentive Plan

On 10 April 2015 IIP, entered into an agreement under which Vikram Viswanath, a non-executive director of the Company (resigned 12 October 2015) has agreed to assume the role of advisor (the "Advisor"), to the management team of DLI. The DLI Incentive Agreement provides that, in respect of each complete 12 month accounting period of DLI starting from the financial period ending 31 March 2016 up to the financial period ending 31 March 2025 ("Relevant Financial Period"), during which (i) the Advisor acts as adviser and guide to the management team of DLI and (ii) the net income of DLI, as published in DLI's audited accounts for a Relevant Financial Period ("Actual Income") exceeds the targeted net income of DLI as set out in its 10 year business plan ("Target Income"), then the Advisor shall be entitled to an incentive payment, payable in cash (an "Incentive Payment"), calculated as 30% of the amount by which Actual Income exceeds Target Income (the "Excess"). The Incentive Payments will not be subject to a cap. If an Excess is not achieved in any Relevant Financial Period, the Advisor shall have no entitlement to receive any Incentive Payment in respect of the Relevant Financial Period. However, in such circumstances, IIP may, in its absolute discretion, award the Advisor a discretionary bonus.

Administrator

FIM Capital Limited provides administration services including financial accounting services to the Company. The fees paid to the Administrator for the year amounted to £120,000 (2015: £120,000). The amount outstanding as at year end is £30,000 (2015: £30,000).

18. Net Asset Valuation (NAV)

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

	2016 £'000	2015 £'000
Net assets (£'000)	325,838	373,577
Number of shares in issue (note 13)	680,267,041	680,267,041
NAV per share	£0.48	£0.55

19. Subsequent events

On 8 April 2016, IIP announced the agreed sale of its entire 26% interest in WMP to Essel Infra Projects Limited ("Essel Infra") for an agreed cash consideration of INR 2,030 million (approximately £21.4 million at the exchange rate of GBP:INR 94.97 on 31 March 2016). The disposal of WMP completed on 28 June 2016.

DLI received regulatory approval from the Customs Commissioner to commence export-import operations at its Nagpur terminal facility in April 2016, enabling DLI to ramp-up operations through its own customs bonded area at Nagpur, and crucially, allowing DLI to operate the integrated logistics park to its full potential.

There were no other significant subsequent events.

20. Ultimate controlling party

The ultimate controlling party during the year was GGIC and affiliated parties.

21. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Company Information

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Rahul Sonny Lulla
Timothy Walker
Robert Venerus
Madras Seshamani Ramachandran

Company Secretary
Philip Scales

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