Infrastructure India plc

Report & Accounts
For the year ended 31 March 2015

CONTENTS

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 12 months ended 31 March 2015.

The investments increased to £368.6 million as at 31 March 2015 (£271.5 million 30 September 2014; £221.4 million 31 March 2014), driven principally by a 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 in asset valuations, and the effects of an additional six months of project operation or development.

The now one-year old Indian central government, elected last year on the promise to revive India's economy, has emphasised that improved infrastructure will play a critical role in harnessing economic growth. Progressive reform and a drive to improve the business and regulatory environment have certainly improved confidence in the sector. However, continued and stronger efforts are needed to improve the pace at which both government and private investment are enabled to take advantage of the opportunity before the country.

During the year, Distribution Logistics Infrastructure Limited ("DLI") restructured its debt and commenced operations from two of the four large terminal facilities following a successful placing of new IIP shares in August 2014. Its remaining two large terminals are on course for completion by the end of the current fiscal year, and we are pleased to report that DLI's ramp up in serving new customers and gaining market share is well under way. Indian Energy Limited ("IEL") negotiated interest rate reductions on debt and upwardly revised credit ratings. IIP's road and small hydropower assets performed largely in-line with expectations. Frustratingly, the circumstances surrounding IIP's large hydropower asset, Shree Maheshwar Hydel Power Corporation Limited ("SMH"), continue as before with no clarity on the terms or timing of completion of the project. IIP continues with its efforts to reach a fair outcome for its shareholders.

Financial performance

The value of the IIP Group's investments in its subsidiaries increased to £368.6 million as at 31 March 2015 (£271.5 million 30 September 2014 and £221.4 million 31 March 2014). Currency rates strengthened at the end of the fiscal year with the INR per GBP rate of 92.8 as at 31 March 2015 (99.8 at 30 September 2014 and 99.4 at 31 March 2014). The risk-free rate, based on the Indian 10-year bond, decreased to 7.74% as at 31 March 2015 from 8.51% on 30 September 2014 and 8.80% on 31 March 2014. Following the end of the fiscal year the Rupee has weakened against Pound Sterling. As at the date of this report, the weakening Rupee and the prevailing INR per GBP rate has had the effect of negating a significant portion of the increase in net assets of the Company seen as at 31 March 2015.

Total investment during the full fiscal year was £41 million, which was advanced to DLI to fund construction, servicing of liabilities, and working capital.

Transport

DLI has made significant progress during the fiscal year with steady implementation of its project plan and is now operating two of its four large planned terminals. DLI is one of the largest private supply chain transportation and container infrastructure company's in India, with a large operational road and rail fleet. Domestic container operations commenced at the Nagpur terminal facility in July 2014, followed by commercial export-import operations in December 2014. The terminal has since been running regular container train services and continues to expand its customer base. Subsequent to the year end, DLI began preparations to commission a Liquid Tank Farm and an Auto Logistics Park at Nagpur in July 2015. The Nagpur terminal facility continues operational ramp up, with work on the Private Freight Terminal ("PFT") for handling of bulk cargo nearing completion. At Bangalore, initial domestic and export-import commercial operations commenced in April 2015 and construction for the remaining terminal facility infrastructure is underway. Construction continues to progress at Palwal and has commenced at Chennai.

In line with DLI's project plan, operations at the Palwal and Chennai terminal facilities are expected to commence during the current fiscal year.

On 29 October 2014, DLI entered into a Master Restructuring Agreement ("MRA") with its two lending consortia. The MRA provides a moratorium on principal repayments until January 2016, reduces the overall combined interest rate to 12% (previously more than 15%) and extends loan tenor by seven years, with the final repayment now scheduled in 2027. During the moratorium period, interest payable will be converted into a Funded Interest Term Loan arranged by the lenders. In accordance with the terms of the Agreement, DLI has been refunded principal and interest payments made after 1 February 2014. The MRA also provides for a working capital facility - which is expected to be put in place in due course. The improved borrowing terms have provided DLI with additional flexibility in responding to customer demand by accelerating the implementation of PFT's, liquid storage and bulk-handling facilities.

Toll collection at Western MP Infrastructure & Toll Roads Private Limited ("WMP") during the fiscal year was marginally higher, with total toll revenue growth of 4% over the prior year. As such, we continue to maintain a conservative view of future traffic growth. WMP completed the installation of eight weighbridges during the year and expects to levy additional toll charges on approximately 1.5% of commercial vehicles. WMP is implementing scheduled major maintenance activities along sections of the road as part of an established maintenance plan and although this was anticipated to commence during the reporting period, the work is now forecast for the 2016 fiscal year.

Energy

India Hydropower Development Company's ("IHDC") overall production was lower than the same period last year as a result of a delayed start to the monsoon and reduced production at Panwi and Darna. The 4 MW plant at Panwi has experienced severe silting issues due to construction at an upstream dam, resulting in a number of plant shutdowns. IHDC is reviewing various courses of action to resolve the issue and as a result, IIP has taken a cautious forward view on Panwi production. At Raura, construction progress continues as expected and remains on-track for commercial operations to commence in 2017.

On 7 August 2014, IIP announced that IHDC's Darna Plant in Maharashtra had suffered extensive damage as a result of heavy monsoon rainfall in the catchment area and abnormally high inflows to the Darna reservoir. The Darna plant, which accounts for 7.9% of IHDC's installed capacity, was out of operation while assessment and repairs were underway. The two turbines are now operating and civil work for reconstruction of the building is almost complete. IHDC is discussing its claims for property damage and resulting loss of operating revenue with its insurers and is confident that cover will be adequate.

The delayed start to the monsoon also impacted overall production at IEL, with two operating wind farms, Theni in Tamil Nadu, and Gadag in Karnataka. Theni continues to face grid availability issues and although availability was marginally better year-on-year, it continues to impact generation and therefore revenues. The state government is strengthening grid infrastructure, but progress of the upgrades has been slow.

In October 2014 both of IEL's projects received upgraded credit ratings to investment grade. IEL also successfully negotiated a 115 basis point reduction in the interest rate on its long-term debt at Theni (from 13.25% to 12.10%). In addition, the interest rate on its working capital facility has also been lowered from 14.75% to 12.75%. Discussions have commenced for similar rate reductions at Gadag.

There was little progress at SMH during the fiscal year. The project's largest lenders remain unwilling to restructure the project's indebtedness, and there has been a lack of definitive progress in raising the balance equity. In February 2014, the project was entrusted to a special task force of the National Manufacturing Competitiveness Council, a group mandated to resolve issues related to projects of national importance. However, this process yielded no results. The Ministry of Power, under its new leadership, also took an active role in advancing discussions, along with the Government of Madhya Pradesh ("GoMP"), but to-date there has been no tangible progress. The GoMP has recommended certain possible paths forward to the Ministry of Power, and these are currently under discussion among the project's stakeholders. We continue with our efforts to reach a fair outcome for IIP's shareholders.

Company liquidity and financing

In May 2014, the Company entered into an unsecured loan facility with Cedar Valley Financial Ltd for up to US$8.1 million. This facility was extended in June 2014 to US$16.2 million in aggregate. The majority of the proceeds from both facilities were invested into DLI to meet immediate financial and working capital requirements and also provided a contribution towards capital expenditure at DLI's Nagpur terminal facility.

In July 2014, IIP announced a proposal to raise up to US$102 million, before expenses, by way of a placing of new ordinary shares at a price of £0.18 per share (the "Placing"). On 20 August 2014, IIP entered into a Subscription Agreement with Barnet Holdings Ltd ("Barnet Holdings"), an affiliate of the Company's indirect majority shareholder GGIC Ltd. ("GGIC"). Barnet Holdings subscribed for 172,739,590 ordinary shares reflecting GGIC's pro rata placing allocation under the Placing and committed to subscribe for the balance of the shares available under the Placing in the event that other existing shareholders did not subscribe. The Placing closed on 21 August 2014 with Barnet Holdings taking up all of the shares available under the Placing. IIP issued 337,607,041 new ordinary shares and raised US$102 million before expenses. Following the Placing, the combined direct and indirect interests of GGIC and Barnet Holdings in the Company represents 75.4% of IIP's issued share capital.

The loan facilities with Cedar Valley Financial Ltd were repaid from the net proceeds of the Placing, in accordance with their terms.

As at 31 March 2015, the IIP Group had cash balances of £18.2 million. IIP's current liquidity position is expected to provide the Group with sufficient cash resources to fund the business until the middle of calendar year 2016.

Subsequent events

DLI Incentive Agreement

IIP announced in April 2015 that it had entered into an agreement under which Vikram Viswanath, a non executive director of IIP and an advisor to the management team of DLI, is eligible for an incentive payment if the net income of DLI, as published in DLI's audited accounts from year to year, exceeds the targeted net income of DLI in any 12 month period, as set out in its 10 year business plan. The DLI Incentive Agreement starts from the financial period ending 31 March 2016 and runs to the financial period ending 31 March 2025. If the net income of DLI exceeds the targeted net income of DLI in any relevant 12 month financial period, the incentive payment is calculated as 30% of the amount by which actual net income exceeds target net income. The incentive payments are payable in cash and are not subject to a cap.

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 (Chairman) and Sonny Lulla (Chief Executive)
July 2015

Infrastructure overview

Infrastructure will remain in the spotlight as India aims to get back on a trajectory of high economic growth. Recent upward revisions to India growth projections from the World Bank and the International Monetary Fund, along with progressive reform and the drive to improve the business and regulatory environment, should enhance investor confidence in the country.

In February 2015, when presenting the national budget in Parliament, the Indian Finance Minister said that the country would make further investment in roads, railways, ports and other infrastructure projects, with significant allocations for roads and rail. The administration is also focused on reforming the regulatory structure in an effort to revive stalled projects and attract private investment. The budget announced a new National Investment and Infrastructure Fund and long-term tax-free infrastructure bonds. Manufacturing is also a focus with the much-hyped "Make in India" campaign. It is recognised that the success of this campaign ultimately relies on stable and efficient infrastructure.

The Indian Finance Minister has also said that the government is on track to implement the proposed national standardised goods and services tax ("GST") from April 2016, despite setbacks in Parliament. GST is to replace a number of state and federal taxes to ease compliance and facilitate business. For the logistics sector, the implementation of uniform GST will allow businesses to centralise distribution through much larger regional hubs.

Rail haulage charges, which are levied by Indian Railways, were increased by more than 24% during the year for different slabs of tonnage. Container train operators, including DLI, believe that they will be able to pass on substantially all of these increases to customers. However, the rise in freight costs may reduce demand for rail transportation while also increasing the competitiveness of road transportation on certain routes.

Progress continues on the Dedicated Freight Corridor ("DFC"), with construction reportedly accelerating on both the Western DFC and the Eastern DFC. This project involves construction of six freight corridors providing much needed infrastructure and, crucially, capacity, allowing higher freight throughput at greater speed. 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. The emphasis on increasing manufacturing and exports has made logistics and the ability to efficiently move goods a key consideration in achieving sustained growth.

In an effort to provide electricity to more homes in India, the central government has promised investment and grid improvements. Renewable energy is a key focus, with installed capacity jumping 13% in the year to March 2015, exceeding government targets for the first time.

The total installed capacity for renewable energy stood at almost 36 GW at the end of the fiscal year – with the government targeting to increase this capacity to 175 GW by the end of 2022. India suffers a current peak deficit of 7 GW (total installed capacity 272 GW in March 2015), and rapidly rising demand. With the commercial power sector in India dominated by coal, the support for renewable energy attempts to balance development and growth with cleaner and more sustainable sources of energy.

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 container terminals across India		
Promoter	A subsidiary of IIP		
Date of investment	**3 March 2011**	**15 October 2011**	**January 2012-March 2014**
Investment amount	£34.8m (implied)	£58.4m (implied)	£39.2 million
Aggregate percentage interest	37.4%	99.9%	99.9%
Investment during the period	£40.6 million		
Valuation as at 31 March 2015	**£298.1 million**		
Project Debt Outstanding as at 31 March 2015 (Unaudited)	£62.3 million		

Key developments

- Domestic and export-import operations commenced at Nagpur during the period and, subsequent to the year end, at Bangalore
- Construction is progressing at Palwal and has commenced at Chennai
- DLI successfully completed its debt restructuring and the lenders have commenced disbursements of remaining debt
- IIP infused additional equity of £41 million during the reporting period for construction and working capital

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. It has commissioned two of four large container terminals – with Nagpur and Bangalore operational and Palwal (in the National Capital Region) and Chennai under construction. During the reporting period, the Company invested £40.6 million into DLI. This was primarily used for project related capital expenditure, working capital and to pay off project related liabilities.

Developments

DLI successfully completed the debt restructuring announced in August 2014. As agreed in the Master Restructuring Agreement ("MRA"), the consortium of lenders has refunded INR 763 million paid by DLI since February 2014 towards interest and principal on the original debt. The lenders have also commenced disbursements of remaining debt towards project expenses as approved in the MRA.

Subsequent to the reporting period, DLI has made steady progress at the Nagpur terminal, with commissioning of the Liquid Tank Farm and Automobile Logistics Park scheduled for July 2015. Work on the Private Freight Terminal for handling of bulk cargo continues and DLI expects to commission it early in the second quarter of the current fiscal year.

Construction activities are progressing at the Palwal terminal at an aggressive pace. DLI management is targeting commencement of initial operations in the second quarter of the current fiscal year.

At Bangalore, initial export-import operations commenced in April and DLI management expects operations to begin ramping-up during the second quarter of the fiscal year as priority construction activities are completed.

At Chennai, land consolidation has been completed and construction work on the approach road and fencing has commenced. Construction activities are expected to significantly ramp up in the second quarter of the fiscal year to create synergy with the Bangalore terminal's road movement of export-import cargo.

Valuation

As at 31 March 2015, DLI is valued at £298.1 million, which represents a 44% increase from the previous reporting period. A lower risk-free rate, appreciation of the Indian Rupee against Sterling, a reduction in the time to realization of cash flows based on the project progress achieved, and the effects of an additional period of operation or development are the key reasons for the increased valuation.

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	**30 September 2008**	**14 October 2009**	**24 June 2010**
Investment amount	£11.3 million	£0.9 million	£0.3 million
Aggregate percentage interest	26.0%	26.0%	26.0%
Investment during the period	Nil		
Valuation as at 31 March 2015	**£25.4 million**		
Project Debt Outstanding as at 31 March 2015 (Unaudited)	£58.6 million		

Key developments

- In the fiscal year, overall toll revenue increased by 3.6% to INR1,167 million
- Subsequent to the year end, in the month of April 2015, toll revenue increased by 13.5% year-on-year to INR 106 million
- The company has completed the installation of eight weighbridges at both toll plazas in an effort to ensure that appropriate toll charges are levied on overloaded commercial vehicles

Investment details

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

Project update

During the fiscal year, total toll revenue increased by 3.6% to INR1,167 million. When considering the 7% annual escalation in tolling rates, this data indicates negative overall traffic growth of around 3% for the fiscal year. This trend is reflective of slower economic activity during the period, which affected commercial traffic in the region. However, subsequent to the year end, a significant increase in toll revenue by 13.5% was observed for the month of April 2015.

WMP has completed the installation of eight weighbridges at both toll plazas. The company expects to use the weighbridges to ensure that appropriate toll rates are charged to commercial vehicles that are overloaded. Company officials estimate that additional toll charges will be levied on approximately 1.5% of the commercial vehicles using the toll road. WMP is implementing scheduled major maintenance along sections of the road as part of an established maintenance plan.

Valuation

As of June 2013, the asset has been fully operational (both Toll Plaza 1 and Toll Plaza 2) for more than two years. In accordance with IIP's stated methodology, a 2% risk premium is applied over the risk free rate of 7.73%. An annual traffic growth assumption of 5.5% has been used for valuation purposes. As at 31 March 2015, the asset is valued at £25.4 million. A lower risk-free rate and appreciation of the Indian Rupee against Sterling had a positive impact on the valuation.

India Hydropower Development Company LLC ("IHDC")

Description	A company that develops, owns and operates small hydropower projects with six fully operational plants (62 MW of installed capacity), and a further 21 MW of capacity under development or construction		
Promoter	Dodson-Lindblom International Inc.		
Date of investment	**3 March 2011**	**January 2012**	**May 2012**
Investment amount	£25.7m (implied)	£0.3 million	£1.05 million
Aggregate percentage interest	50.0%	50.0%	50.0%
Investment during the period	Nil		
Valuation as at 31 March 2015	**£23.10 million**		
Project Debt Outstanding as at 31 March 2015 (Unaudited)	£12.0 million		

Key developments

- Production during the fiscal year ending 31 March 2015 was affected by delayed and non-uniform monsoon rainfall
- The Darna project, which suffered extensive damage in July 2014, is now fully operational with its two turbines operating since December 2014 and February 2015, respectively
- IHDC is discussing its claims for property damage and resulting loss of operating revenue with its insurers and is confident that cover will be adequate
- Construction at Raura continues on schedule

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 for the fiscal year ending 31 March 2015 for all operational projects was 121.4 million kWh against 144.5 million kWh for the previous fiscal year. The lower generation was mainly on account of delayed, non-uniform rainfall and reduced production at the Darna and Panwi plants.

Maharashtra

Both BH-I and BH-II plants operated normally with high machine availability during the fiscal year. Darna, which suffered extensive damage in July 2014, is now fully operational. Its two turbines have been operating since December 2014 and February 2015, respectively. The remainder of the civil work for the power house is in progress and expected to complete shortly. IHDC is discussing claims for property damage and resulting loss of operating revenue with its insurers and is confident that cover will be adequate.

Madhya Pradesh

The Birsinghpur project, located on the cooling water return canal in the Sanjay Gandhi Thermal Power Station in Madhya Pradesh is operating as expected. Maintenance at the thermal power station during the year affected water availability for Birsinghpur, which resulted in marginally lower overall production.

Himachal Pradesh

Production at the Sechi plant during the 2014-15 fiscal year was marginally lower than the previous year due to delayed rainfall in Himachal Pradesh. However, runoff resulting from above average winter snowfall has resulted in a higher than expected production early in the 2015-16 fiscal year.

The Panwi project continues to experience severe 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 is actively exploring short and long-term solutions to resolve the issue and increase generation.

At Raura, construction continues and the project remains on-track for commercial operations to commence in 2017.

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 7.74%. 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 2015 is £23.10 million (£21.68 million 30 September 2014; £20.16 million 31 March 2014).

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	**21 September 2011**	**October 2011 – December 2012**
Investment amount	£10.6m (implied)	£0.9 million
Aggregate percentage interest	100.0%	100.0%
Investment during the period	Nil	
Valuation as at 31 March 2015	**£12.6 million**	
Project Debt Outstanding as at 31 March 2015 (Unaudited)	£11.0 million	

Key developments

- Overall production was lower during the fiscal year as a result of a delayed monsoon and lower than expected wind regime
- During the year, both of IEL's projects received upgraded credit ratings to investment grade
- IEL negotiated a 115 bps reduction in the interest rate on its long-term debt at Theni (from 13.25% to 12.10%)
- Despite marginal improvement, grid availability issues continue in Tamil Nadu affecting revenue at Theni

Investment details

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

Project update

The delayed monsoon and lower than expected wind regime impacted net generation from both projects. Overall production was 71.9 million kWh in the year ending 31 March 2015 against 79.4 million kWh for same period the previous year.

Grid availability at Theni improved to 85% during the reporting period, up from 81% the previous period. However, grid stability continues to impact billable generation. The Tamil Nadu Electricity Board's progress on grid stabilisation has been slow. The two projects continue to operate with very high machine availability of 99% and 98% at Gadag and Theni, respectively.

IEL successfully negotiated a 115 bps reduction in the interest rate on its long-term debt at Theni (from 13.25% to 12.10%). The interest rate on its working capital facility has also been lowered from 14.75% to 12.75%. Discussions have commenced for similar rate reductions at Gadag.

Valuation

As at 31 March 2015, 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 7.74%, yielding a valuation as at 31st March 2015 of £12.56 million (£10.71 million 30 September 2014; £11.28 million 31 March 2014).

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 percentage interest	20.5%	17.7%
Investment during the period	Nil	
Valuation as at 31 Mar 2015	**£9.5 million**	
Project Debt Outstanding as at 31 March 2015 (Unaudited)	£288.1 million	

Key developments

- Stakeholder meetings led by the Ministry of Power and the Government of Madhya Pradesh have been held during and after the reporting period, however there remains no clear outcome on restructuring the project for completion

Investment details

SMH 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 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. IIP is directly and indirectly interested in up to 35.4% of the project's equity – with 17.7% owned directly by IIP. There was no additional investment by the Company during the reporting period.

Current status of the project and financing update

On 16 October 2014, the GoMP constituted a High Powered Committee consisting of leadership from the GoMP's Ministries of Finance and Energy, the MP Power Management Company Limited ("MPPMCL"), Ministry of Power of the Government of India, representatives of key project lenders, and the promoter. This committee was entrusted with the responsibility to seek a solution to the problems associated with the project and make recommendations to the GoMP. The committee held three formal meetings and several informal discussions with stakeholders between November 2014 and January 2015. Based on recommendations from the committee, the GoMP issued a report providing alternatives for revival of the project. The primary alternative recommended by the report allowed a period during which the promoter of the company would be permitted to arrange the incremental funding required for the completion of the project. Entegra is currently actively pursuing such funding, however, at the time of writing of this report, no confirmations are available that such funding has been committed. In the meantime, SMH continues to face severe liquidity constraints and an inability to meet day-to-day expenses.

Valuation

Several forecast assumptions were adjusted to account for the continuing uncertainty on the terms and timing of project completion. Given the uncertainty around the forecast, the higher risk premium of 8% used in the 30 September 2014 valuation was retained. The resulting value for IIP's investment in SMH as at 31 March 2015 was £9.5 million (£11.8 million 30 September 2014; £14.09 million 31 March 2014). The parameters finally agreed to by the project's stakeholders for its revival and the timelines associated with their implementation will dictate whether the value of IIP's investment in SMH may improve or further erode.

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Group for the year ended 31 March 2015.

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 2015 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 (2014: 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

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
9 July 2015

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
9 July 2015

Corporate Governance Statement

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

Responsibilities of the Board

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

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

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

Audit Committee

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

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

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

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

Report of the Independent Auditors, KPMG Audit LLC, to the members of Infrastructure India plc for the year ended 31 March 2015

We have audited the financial statements of Infrastructure India plc for the year ended 31 March 2015 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 2015 and of the Group's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN
9 July 2015

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Interest income on bank balances		18	1
Movement in fair value on investments at fair value through profit or loss	12	106,650	(49,009)
Foreign exchange gain		2,316	339
Asset management and valuation services	7	(4,833)	(4,662)
Other administration fees and expenses	6	(1,201)	(1,261)
Operating profit/(loss)		102,950	(54,592)
Finance costs	8	(1,168)	(383)
Profit/(loss) before taxation		101,782	(54,975)
Taxation		-	-
Profit/(loss) for the year		101,782	(54,975)
Other comprehensive income		-	-
Total comprehensive income/(loss)		101,782	(54,975)
Basic and diluted earnings/(loss) per share (pence)	10	18.6p	(16.0)p

The Directors consider that all results derive from continuing activities.

The notes on page 20 to 32 form an integral part of the financial statements.

Consolidated Statement of Financial Position
at 31 March 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Investments at fair value through profit or loss	12	368,638	221,356
Total non-current assets		368,638	221,356
Current assets			
Debtors and prepayments		41	14
Cash and cash equivalents		18,213	2,762
Total current assets		18,254	2,776
Total assets		386,892	224,132
Liabilities			
Long term loans and borrowings	16	(11,472)	(10,202)
		(11,472)	(10,202)
Current liabilities			
Trade and other payables	15	(1,417)	(1,342)
Current loans and borrowings	16	(426)	(245)
Total current liabilities		(1,843)	(1,587)
Total liabilities		(13,315)	(11,789)
Net assets		373,577	212,343
Equity			
Ordinary shares	13	6,803	3,427
Share premium	13	282,787	226,711
Retained earnings		83,987	(17,795)
Total equity		373,577	212,343

The notes on page 20 to 32 form an integral part of the financial statements.

These financial statements were approved by the Board on 9 July 2015 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 2015

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 April 2013	**3,427**	**226,711**	**37,180**	**267,318**
Total comprehensive income for the year				
Loss for the year	-	-	(54,975)	(54,975)
Total comprehensive loss for the year	**-**	**-**	**(54,975)**	**(54,975)**
Balance at 31 March 2014	**3,427**	**226,711**	**(17,795)**	**212,343**
Balance at 1 April 2014	**3,427**	**226,711**	**(17,795)**	**212,343**
Contributions by and distributions to owners				
Issued 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**

The notes on page 20 to 32 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit/(loss) for the year		101,782	(54,975)
Adjustments:			
Interest income on bank balances		(18)	(1)
Finance costs		1,168	383
Movement in fair value on investments at fair value through profit or loss	12	(106,650)	49,009
Foreign exchange gain		(2,316)	(339)
		(6,034)	(5,923)
(Decrease)/increase in creditors and accruals		(27)	20
Decrease/(increase) in debtors and prepayments		75	(3)
Net cash utilised by operating activities		**(5,986)**	**(5,906)**
Cash flows from investing activities			
Purchase of investments	12	(40,632)	(3,865)
Interest received		18	1
Cash utilised by investing activities		**(40,614)**	**(3,864)**
Cash flows from financing activities			
Proceeds from issue of shares (less share issue costs)		59,452	-
Loans received	16	9,591	10,202
Loans repaid	16	(9,591)	-
Loan interest paid	16	(988)	(138)
Net cash generated from financing activities		**58,464**	**10,064**
Increase in cash and cash equivalents		**11,864**	**294**
Cash and cash equivalents at the beginning of the year		2,762	2,128
Effect of exchange rate fluctuations on cash held		3,587	340
Cash and cash equivalents at the end of the year		**18,213**	**2,762**

The notes on page 20 to 32 form an integral part of the financial statements.

Notes to the Financial Statements
for the year ended 31 March 2015

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 160 employees as at 31 March 2015.

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 9 July 2015.

(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.

(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 consolidated financial statements incorporate the financial statements of the Company and the financial statements of the intermediate investment holding companies. Control is achieved where the Company has the power to govern the financial and operating policies of an entity company so as to obtain benefits from its activities.

The Directors consider the Company to be an investment entity as defined by IFRS 10 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 Company 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.

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

3.9 Trade and other receivables

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

3.10 Financial liabilities and equity

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

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

3.12 Share issue costs

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

3.13 Dividend distribution

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

3.14 Cash and cash equivalents

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

3.15 Interest expense

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

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2014; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New/Revised International Financial Reporting Standards (IAS/IFRS)	**EU Effective Date (accounting periods commencing on or after)**
IFRS 9 Financial Instruments	Not yet endorsed IASB effective date 1 January 2018
IFRS 14 Regulatory Deferral Accounts	Not yet endorsed IASB effective date 1 January 2016.
IFRS 15 Revenue from Contracts with Customers	Not yet endorsed IASB effective 31 December 2017
Amendments to IFRS 10 IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception *(issued on 18 December 2014)*	Not yet endorsed IASB effective date 1 January 2016
Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014)	Not yet endorsed IASB effective date 1 January 2016

Annual Improvements to IFRSs 2012–2014 Cycle (*issued on 25 September 2014*)	Not yet endorsed IASB effective date 1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014)	Not yet endorsed IASB effective date 1 January 2016 to be amended
Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014)	Not yet endorsed IASB effective date 1 January 2016
Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014)	Not yet endorsed IASB effective date 1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014)	Not yet endorsed IASB effective date 1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014)	Not yet endorsed IASB effective date 1 January 2016
Standards not yet effective, but available for early adoption	**EU Effective Date (accounting periods commencing on or after)**
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (issued on 21 November 2013)	1 February 2015
Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013)	1 February 2015
Annual Improvements to IFRSs 2011–2013 Cycle (issued on 12 December 2013)	1 January 2015
IFRIC Interpretation 21 Levies (issued on 20 May 2013)	17 June 2014

The new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

4. Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

Net assets denominated in Indian Rupee at the year-end amounted to £368.6 million (2014: £221.4 million), representing the Group's investments in Indian Companies. At 31 March 2015, 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 £34.0 million (2014: £20.1 million). This exposure is unhedged.

Net assets denominated in USD at the year-end amounted to £18.0 million (2014: £2.5 million), representing the Group's cash and cash equivalents. At 31 March 2015, 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 £1.8 million (2014: £0.3 million). This exposure is unhedged.

(ii) Market price risk

The Group is exposed to market risk arising from its investment in unlisted Indian infrastructure companies. These investments present a risk of capital loss. The Board is responsible for the selection of investments and monitoring exposure to market 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 £18.4 million (2014: £11.1 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 2015	**Less than 1 month £'000**	**01-Mar months £'000**	**3 months to 1 year £'000**	**1-5 years £'000**	**Over 5 years £'000**	**Non-interest bearing £'000**	**Total £'000**
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	368,638	368,638
Debtors 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)	-	-	-

31 March 2014	Less than 1 month £'000	01-Mar months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets							
Investments at fair value through profit or loss	-	-	-	-	-	221,356	221,356
Trade and prepayments	-	-	-	-	-	14	14
Cash and cash equivalents	2,762	-	-	-	-	-	2,762
Total financial assets	2,762	-	-	-	-	221,370	224,132
Financial liabilities							
Trade and other payables	-	-	-	-	-	(1,342)	(1,342)
Loans and borrowings	-	-	(245)	(10,202)	-	-	(10,447)
Total financial liabilities	-	-	(245)	(10,202)	-	(1,342)	(11,789)
Total interest rate sensitivity gap	2,762	-	(245)	(10,202)	-	-	-

(b) Credit risk

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

(c) Liquidity risk

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

Residual undiscounted contractual maturities of financial liabilities:

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

31 March 2014	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,342	-	-	-
Loans and borrowings	-	-	245	10,202	-	-
Total	-	-	1,587	10,202	-	-

5. Critical accounting estimates and assumptions

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

Key sources of estimation uncertainty

Determining fair values

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

Critical judgements in applying the Company’s accounting policies

Valuation of financial instruments

The 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	-	-	9,480
Western MP Infrastructure & Toll Road Pvt. Ltd	-	-	25,405
India Hydropower Development Company, LLC	-	-	23,099
Distribution Logistics Infrastructure Private Ltd	-	-	298,097
Indian Energy Limited	-	-	12,557
	-	-	368,638

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	221,356
Movement in fair value	106,650
Additional capital injected	40,632
Fair value at year end	368,638

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £42 million (2014: £14.9 million).

6. Other administration fees and expenses

	2015 Group £'000	2014 Group £'000
Audit fees	69	85
Legal fees	39	110
Loan arrangement fee (see note 16)	96	111
Corporate advisory fees	197	146
Consultancy fees	130	124
Other professional costs	49	42
Administration fees	158	147
Directors' fees (note 14)	230	280
Insurance costs	12	12
Other costs	221	204
	1,201	**1,261**

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 2015 were £4,832,600 (31 March 2014: £4,662,000). The amount of management fees outstanding as at 31 March 2015 amounted to £1,232,393 (2014: £1,099,000).

8. Finance costs

	2015 £'000	2014 £'000
Loan interest expense (note 16)	1,168	383
	1,168	**383**

9. Taxation

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

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

10. Earnings/(loss) per share

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

	2015	2014
Profit/(loss) attributable to shareholders (£ thousands)	101,782	(54,975)
Weighted average number of ordinary shares in issue (thousands)	547,074	342,660
Basic and diluted earnings/(loss) per share (pence)	18.6p	(16.0)p

There is no difference between basic and diluted earnings/(loss) 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%
Indian Energy Limited sub group (IEL):		
Indian Energy Limited	Guernsey	100%
Indian Energy Mauritius Limited	Mauritius	100%
Indian Energy Management Limited	United Kingdom	100%
Belgaum Wind Farms Pvt Limited	India	100%
iEnergy Wind Farms (Theni) Pvt Limited	India	100%
iEnergy Renewables Pvt Limited	India	100%

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

At 31 March 2015, 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 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

	SMHPCL £'000	WMPITRL £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Year ended 31 March 2014						
Fair value brought forward	34,011	25,311	25,108	167,659	14,411	266,500
Additional capital invested	-	-	-	3,865	-	3,865
Fair value adjustment	(20,920)	(4,044)	(4,947)	(15,962)	(3,136)	(49,009)
Balance as at 31 March 2014	13,091	21,267	20,161	155,562	11,275	221,356

(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 have been fair valued by the Directors as at 31 March 2015 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 a risk premium of 2% for WMPITRL, 7% for SMHPCL, 3.3% for IHDC, 6% for DLI and 2% for IEL.

As at 31 March 2015, 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 2014	342,660,000	3,427	226,711
Issued during the year	337,607,041	3,376	56,076
Balance at 31 March 2015	680,267,041	6,803	282,787

In August 2014, the Company placed 337,607,041 new ordinary shares of 1p each at a price of 18 pence per share to raise US$102 million (before expenses). Following the placing, the Company has 680,267,041 of ordinary shares in issue. Funds raised through the placing were utilised to repay the Company's secured loan facility of US$16.2 million, to fund investment into DLI and to fund the Company's working capital needs.

14. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2015:

Vikram Viswanath	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:

	2015 £'000	2014 £'000
Timothy Walker	90	90
Madras Seshamani Ramachandran	90	90
Vikram Viswanath	50	50
Timothy Stocks (resigned on 27 March 2014)	-	50
	230	280

15. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	1,330	1,246
Accruals and other payables	87	96
	1,417	1,342

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.

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

The loans are repayable on 10 April 2017 and attract an interest rate of 7.5% per annum, payable semi-annually during the facility period.

As at 31 March 2015 the Company had fully drawn down the loan facility and had interest payable of US$ 1.2 million during the year (2014: US$ 0.6 million). The amount of accrued interest outstanding as at 31 March 2015 amounted to US$ 0.6 million (2014: US$ 0.4 million).

In May 2014, the Company entered into an unsecured loan facility for US$8.1 million with an affiliate of GGIC for investment into DLI to meet immediate financial and working capital needs and towards capital expenditure at its Nagpur terminal. In June 2014, this loan facility was extended to US$16.2 million, in aggregate. This facility attracted an interest rate of 15% per annum and was repaid from the proceeds of the US$102 million placing announced in August 2014 (see note 13). An arrangement fee of US$162,000 (£96,000) was payable in respect of the facility.

17. Related party transactions

Management services and directors fees

As described in note 7, FPM is party to a Management Services Agreement with the Company. 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 payable.

As detailed in note 7, fees payable to FPM in respect of management services for the year ending 31 March 2015 amounted to £4,832,600 (2014: £4,662,000). The amount of management fees outstanding as at 31 March 2015 amounted to £1,232,393 (2014: £1,099,000).

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).

In May 2014, the Company entered into an unsecured loan facility for US$8.1 million with an affiliate of GGIC, for investment into DLI to meet immediate financial and working capital needs and towards capital expenditure at its Nagpur terminal. In June 2014, the loan facility was extended to US$16.2 million, in aggregate. Both facilities attracted an interest rate of 15% per annum and were repaid from the proceeds of the US $102 million placing announced in August 2014. An arrangement fee of US$162,000 (£96,000) was charged in respect of the facility (see note 16).

Issue of shares

In August 2014, the Company placed 337,607,041 new ordinary shares of 1p each at a price of 18 pence per share to raise US$102 million (before expenses). Barnet Holdings, Ltd. ("Barnet") an affiliate of GGIC, subscribed for all 337,607,041 of the Placing Shares at the Placing Price. As a result, the combined direct and indirect interests of GGIC and Barnet in the Company has risen from GGIC's 175,324,980 ordinary shares, representing 51.17% of the Company's existing issued ordinary share capital, to a combined 512,932,021 ordinary shares, representing 75.40% Of the issued share capital of the Company. In accordance with share subscription agreement, the Company paid subscription fees to Barnet of US$1.4 million.

Incentive Plan

As detailed in note 19, the Company entered into an agreement under which Vikram Viswanath, a non-executive director of the Company has agreed to assume the role of advisor to the management team of DLI and entitled to an incentive payment.

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.

	2015 **£'000**	**2014** **£'000**
Net assets (£'000)	373,577	212,343
Number of shares in issue (note 13)	680,267,041	342,660,000
NAV per share	£0.55	£0.62

19. Subsequent events

On 10 April 2015 IIP, entered into an agreement under which Vikram Viswanath, a non-executive director of the Company 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 (as used in respect of the preparation of the Company's interim financial statements for the period ended 30 September 2014) ("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.

In April 2015, DLI's Bangalore terminal facility commenced initial domestic and export-import commercial operations. Construction for the remaining infrastructure at the facility is expected to complete in phases over the next few months.

There were no other significant subsequent events.

20. Ultimate controlling party

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

Company Information

Registered Office
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

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

Directors
Tom Tribone (Chairman)
Rahul Sonny Lulla
Timothy Walker
Robert Venerus
Madras Seshamani Ramachandran
Vikram Viswanath

Company Secretary
Philip Scales

Administrator and Registrar
IOMA Fund and Investment Management Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

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

Asset Manager
Franklin Park Management LLC
2711 Centerville Road
Suite 400
Wilmington
DE 19808
United States of America

Nominated Adviser (NOMAD) and Joint Broker
Smith & Williamson Corporate Finance Limited
25 Moorgate
London
EC2R 6AY

Joint Broker
N+1 Singer
One Bartholomew Lane
London
EC2N 2AX

Website www.iiplc.com