Infrastructure India plc

Interim results

for the six months ended 30 September 2014

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Highlights

Financial performance

- Value of the Company's investments increased 23 per cent to £271.5 million as at 30 September 2014 (£221.4 million 31 March 2014)
- NAV increased 39 per cent to £294.9 million (£212.3 million March 2014; £216.7 million September 2013)
- NAV per share decreased to £0.43 (£0.62 at 31 March 2014), as a result of dilution from the placing in August 2014, partially offset by the increase in the value of the Company's investments
- The increase in NAV is driven principally by an increase in the valuation of Distribution Logistics Infrastructure Private Limited ("DLI"), formerly known as Vikram Logistic and Maritime Services Private Limited, and increased cash at Group level following the placing in August 2014

Significant developments

- DLI commenced domestic operations at its Nagpur terminal facility on 18 July 2014, receiving and handling containers and a regular rail service has since been running from the Nagpur terminal facility
- Investment of £24.4 million in DLI during the period under review to fund construction and working capital
- In May and June, IIP entered into unsecured loan facilities totalling US$16.2 million, with the proceeds invested into DLI to meet immediate financial and working capital needs and these facilities were repaid from the proceeds of the placing announced in August
- On 22 August 2014, IIP announced that it had successfully completed a placing to raise approximately US$102 million before expenses at a placing price of £0.18 per share
- IIP announced on 7 August 2014, that India Hydropower Development Company's ("IHDC") Darna plant in Maharashtra suffered extensive damage as a result of heavy monsoon rainfall and abnormally high inflows to the Darna reservoir and is currently out of operation. IHDC believes that its insurance cover will be adequate to cover losses related to damage as well as loss of generation
- A delayed monsoon in 2014 impacted production at IIP's small wind and hydro projects although both performed largely in-line with expectations

Post period end

- DLI entered into a Master Restructuring Agreement with its two lending consortia on 29 October 2014, providing a moratorium on principal payments until January 2016, reducing the overall combined interest rate to 12 per cent and extending tenor by 7 years
- DLI has scheduled the movement of empty containers in preparation for the commencement of export-import ("Exim") operations at its Nagpur terminal facility in December 2014

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

"A great deal has been achieved since the start of the current fiscal year. DLI commenced operations at its first terminal and the placing in August will finally allow DLI to complete construction, creating a leading national integrated private transportation and cargo terminal network."

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

"Infrastructure remains a vital component for growth in India and we have seen increased confidence in the sector since the election of the new central government. Whilst we are pleased at the prospect of completing DLI's project plan, we would like to have had more tangible progress at Shree Maheshwar Hydel Power Corporation."

Joint statement from the Chairman and the Chief Executive of Infrastructure India plc

We are pleased to report Infrastructure India plc's ("IIP", the "Company" and together with its subsidiaries the "Group") results for the six-month period ended 30 September 2014.

Net Asset Value increased to £294.9 million (£0.43/share) as at 30 September 2014, driven principally by an increase in the valuation of Distribution Logistics Infrastructure Private Limited ("DLI") and increased IIP cash balances following the placing in August 2014.

Business confidence in the Indian infrastructure sector has improved since the election of a new central government and is further supported by recent upward revisions to India growth projections from the World Bank and the International Monetary Fund. Currency, although still at historical lows, has remained relatively stable over the past 12 months. The improving political and regulatory environment provides a welcome backdrop for the completion and ramp-up of IIP's largest asset, DLI. The Group's road, wind and small hydro assets continue to perform largely in-line with expectations, although the delayed monsoon had some impact on production at the operational wind and hydro assets. Prospects for our investment in Shree Maheshwar Hydel Power Corporation Limited ("SMH"), IIP's large hydro asset, remain uncertain. Stakeholders continue to discuss options in relation to the restructuring and completion of the project, but no tangible progress has been achieved to date.

Financial performance and investment update

The value of the Group's investments in its subsidiaries increased to £271.5 million for the period ended 30 September 2014 (£221.3 million 31 March 2014; £221.0 million 30 September 2013). Currency at the end of the reporting period remained largely flat, with INR per GBP of 99.84 against 99.42 at 31 March 2014. The risk-free rate, based on the Indian 10-year bond, decreased to 8.51 per cent at the end of the period, from 8.80 per cent at 31 March 2014.

Total investment during the period was £24.4 million, which was advanced to DLI to fund construction and working capital.

Transport

Significant progress was achieved at DLI during the period. 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 DLI's Nagpur terminal on 18 July 2014, with the facility receiving and handling factory-stuffed containers. The Nagpur facility has since been running regular container trains and, subsequent to the period end, has scheduled the movement of empty containers in preparation for stuffing export-import ("Exim") cargo in December 2014. Work on Private Freight Terminals ("PFT"), liquid storage and an Auto Logistics Park at Nagpur is also underway, in response to increasing demand from customers for these services, with completion expected in early 2015. At Bangalore, above ground construction has commenced and the facility remains on-track for initial domestic operations in the first calendar quarter of 2015. Land acquisition and governmental approvals at Palwal and Chennai continue to progress in line with DLI's project plan, with these facilities expected to commence operations during 2015.

Subsequent to the period end, 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 per cent (previously more than 15 per cent) and extends the 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. Under the terms of the Agreement, DLI will be refunded all principal and interest payments made after 1 February 2014. The MRA also allows for a working capital facility. The improved borrowing terms and refund provides 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 period was largely flat, with total toll revenue growth of 3 per cent over the same period last year. IIP continues to maintain its conservative view of traffic growth and has adjusted traffic growth assumptions to reflect a slower than expected economic recovery. WMP is implementing scheduled major maintenance activities along sections of the road as part of an established maintenance plan. There are also plans to install an additional check-post to limit leakage of toll revenue.

Energy

India Hydropower Development Company's ("IHDC") overall production was marginally lower than the same period last year. This is a result of a delayed start to the monsoon and reduced production at Darna, which is currently out of operation, and Panwi. Production at Panwi was interrupted for approximately 30 days to clear a significant accumulation of debris as a result of an upstream cloudburst (sudden and heavy rainfall). The Panwi plant has since returned to normal operation. At Raura, the disbursement of debt has commenced and construction progress continues as expected. The project remains on-track for commercial operations to commence in 2017.

IIP announced on 7 August 2014, that IHDC's Darna plant in Maharashtra had suffered extensive damage as a result of heavy monsoon rainfall and abnormally high inflows to the Darna reservoir. The plant is currently out of operation. Debris from the collapsed wall has been removed and electromechanical equipment has been removed and sent for damage assessment and repairs. However, the full extent of the damage, repairs and insurance cover are still being evaluated. The Darna plant accounts for 7.9 per cent of IHDC's installed capacity and is insured against property damage and resulting loss of operating revenue. IHDC management is still working with the insurer to verify the full scope of cover but believe the insurance is adequate to cover against adverse financial impact and expects to be able to get the plant commissioned prior to the 2015 monsoon season.

Indian Energy Limited's ("IEL") overall production from two operating wind farms was 5 per cent lower than the same period last year as a result of the delayed onset of monsoonal winds. At Theni, in Tamil Nadu, grid availability averaged 87 per cent during the period and although this is a marginal improvement, it continues to impact generation and, consequentially, revenues. The stability required at Theni will likely take a further 18 months as the state government continues making improvements to grid infrastructure. In October 2014, both projects received upgraded credit ratings to investment grade.

Little tangible progress has been achieved at SMH during the period. While the involvement of the Ministry of Power, under its new leadership, is a positive step, the project's largest lenders have indicated an unwillingness to restructure project debt in the absence of the promoter or others infusing material additional equity. Despite this apparent impasse, discussions to find a solution have not ceased and restructuring options continue to be explored by stakeholders.

Placing of ordinary shares and repayment of loan facilities

On 6 May 2014, IIP entered into an unsecured loan facility with Cedar Valley Financial Ltd for up to US$8.1 million. This facility was extended on 25 June 2014 to US$16.2 million, in aggregate. The majority of the proceeds from both of these facilities were invested into DLI to meet immediate financial and working capital needs and towards capital expenditure at its Nagpur terminal. Both loan facilities were repaid, in accordance with the terms, from the net proceeds of the placing, which completed in August 2014.

On 15 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. On 20 August 2014, IIP entered into a Subscription Agreement with Barnet Holdings Ltd ("Barnet Holdings"), an affiliate of IIP's indirect shareholder GGIC Ltd ("GGIC"). On 22 August, IIP was pleased to announce that the placing had closed - with Barnet Holdings taking up all of the placing shares. The number of new ordinary shares issued by IIP was 337,607,041, raising approximately US$102 million before expenses. Following the placing, the combined direct and indirect interests of GGIC and Barnet Holdings in IIP represents 75.4 per cent of IIP's issued ordinary share capital. The net proceeds of the placing is enabling the Company to finance the construction of all of DLI's terminal facilities through to completion, to settle unsecured creditors and other lenders and provide DLI with working capital. The proceeds also provide the Group with additional working capital resources.

Company liquidity and financing

At the end of the reporting period, the Group had cash available of £35.6 million. The US$17 million working capital loan facility with GGIC, which IIP entered into in April 2013, is now fully drawn. The proceeds of the placing will not be used for the early repayment of this facility, which falls due for repayment in April 2017. The Group is expected to have sufficient cash resources to fund the business until at least 31 December 2015.

Tom Tribone & Sonny Lulla
December 2014

Review of investments

Distribution Logistics Infrastructure Private Limited ("DLI")

Description	Supply chain transportation and container infrastructure company with a large operational road and rail transportation fleet; developing four large container terminals across India		
Promoter	A subsidiary of IIP		
Date of investment	**3 March 2011**	**15 October 2011**	**January 2012-September 2014**
Investment amount	£34.8m (implied)	£58.4m (implied)	£63.7 million
Aggregate percentage interest	37.4 per cent	99.9 per cent	99.9 per cent
Investment during the period	£24.4 million		
Valuation as at 30 September 2014	**£206.4 million**		
Project Debt: Equity (at initial financing)	65:35		

Key developments

- On 12 September 2014, Vikram Logistic and Maritime Services Private Limited changed its name to Distribution Logistics Infrastructure Private Limited ("DLI")
- On 29 October 2014, DLI signed a Master Restructuring Agreement ("MRA") with its two lender consortia
- Key terms of the MRA include a lower interest rate, longer loan tenure, a funded interest term loan ("FITL") and a moratorium on repayment up to January 2016
- On 18 July 2014, DLI commenced domestic operations at its Borkhedi facility in Nagpur
- Construction progress at DLI's terminals has been expedited through investment of proceeds from IIP's August 2014 placing

Investment details

DLI is a supply chain transportation and container infrastructure company headquartered in Bangalore and Gurgaon with material presence in central, northern and southern India. DLI provides a broad range of logistics services including freight transportation by rail and road, handling, customs clearing and bonded warehousing. It is constructing four large container terminals in Bangalore, Chennai, Nagpur and Palwal (in the National Capital Region). During the reporting period, the Company invested approximately £24.4 million into DLI.

Developments

During the reporting period, IIP made new investments into DLI, which have enabled the company to continue to meet its debt service obligations and keep its accounts in good standing with its lenders. It has also helped the company achieve targeted construction progress at Nagpur, now operational, complete much of the critical land acquisition and consolidation at Bangalore and Palwal, and meet essential working capital needs.

On 18 July 2014, DLI commenced domestic operations at its Borkhedi facility in Nagpur. The first train of loaded containers left the terminal on 30 July 2014. The number of trains operated by the company from the terminal with domestic cargo increased to six in the month of November 2014 and these operations continue to ramp up. The facility at Nagpur has now scheduled the movement of empty containers in preparation for stuffing export-import ("Exim") cargo in December 2014.

Critical regulatory approvals relating to the construction of the terminal at Bangalore have been completed.. DLI management hopes to commence export-import operations from the Bangalore terminal in the first quarter of 2015. Final activities associated with consolidation of additional land and related regulatory approvals at its Chennai facility are in progress and DLI management expects to start construction shortly.

On 29 October 2014, DLI signed a Master Restructuring Agreement ("MRA") with its two consortia of lenders. Key terms include a moratorium on the repayment of debt to January 2016, a significant reduction in the interest rate to 12 per cent, longer loan duration of 12 years, and a working capital facility of approximately INR 186 million (approximately £1.9 million). Interest payments during the moratorium period (through to January 2016) are covered by a Funded Interest Term Loan ("FITL") at a reduced interest rate of 12 per cent. These favourable lending terms should allow DLI the extra liquidity needed to create Private Freight Terminals ("PFTs"), Liquid Tank Farms and Auto Logistics Parks in response to increasing demand from customers for these services. These service offerings are expected to result in a more productive utilisation of assets and improved margins.

With new equity infusions from IIP's August 2014 capital raise and the restructured debt terms, construction activity is accelerating and the commissioning of DLI's remaining terminals is expected to be progressively achieved during 2015.

Valuation

The changes in the financing assumptions as a result of the successful restructuring of the DLI debt including, *inter alia*, the reduction in interest rate, moratorium in repayment of principal and interest, and the availability of the FITL, have been incorporated into the valuation. Further, the additional capital costs relating to liquid tank farms, auto logistic parks, PFTs, and related revenue streams have been taken into account. Although construction activity at the terminals has re-commenced, a risk premium of 7 per cent (1 per cent higher than IIP's stated premium of 6 per cent for projects in the construction phase) has been used in the valuation reflecting on-going business risk.

As at 30 September 2014, the NPV of future cash flows for IIP from DLI was £206.4 million. This represents a 33 per cent increase from the previous valuation as at 31 March 2014. Macroeconomic changes including the improvement in the risk-free rate and marginal depreciation of the Indian Rupee against the Pound Sterling have not had a material impact on the valuation. The observed increase in valuation is largely attributable to the benefits accruing from favourable loan restructuring terms and enhanced profits from the increased business scope.

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

Description	125km four lane toll road in western Madhya Pradesh, with a 25 year concession which commenced in April 2008		
Promoter	Essel Group		
Date of investment	**30 September 2008**	**14 October 2009**	**24 June 2010**
Investment amount	£11.3 million	£0.9 million	£0.3 million
Aggregate percentage interest	26.0 per cent	26.0 per cent	26.0 per cent
Investment during the period	Nil		
Valuation as at 30 September 2014	**£20.9 million**		
Project Debt:Equity	68:32		

Key developments

- Toll collection during the first six months of the current 2014-2015 fiscal year has remained largely flat, with total toll revenue increasing by 3.2 per cent on the same period last year
- Targeted major maintenance activities along sections of the toll road are being implemented

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. There was no additional investment into the project during the reporting period.

Project update

Toll collection during the first six months of the current 2014-2015 fiscal year has remained largely flat. Total toll revenue increased by 3.2 per cent on the same period last year, to INR 564 million. The 12-month rolling average of toll revenue growth is approximately 6 per cent as of the end of September 2014 and is indicative of flat traffic growth year-to-date for the asset. The lower traffic growth is reflective of an overall slowdown in economic activity in the country.

WMP is implementing scheduled major maintenance activities along sections of the toll road in accordance with an established maintenance plan. WMP plans to install an additional check-post to limit leakage of toll revenue.

Valuation

In accordance with IIP's stated methodology, a 2 per cent of risk premium is applied over the risk free rate of 8.5 per cent for the toll road, which has been in operation since November 2009. Traffic growth assumptions have been moderated to reflect uncertainty surrounding the timing and the strength of economic recovery. As at 30 September 2014, the asset was valued at £20.9 million. Benefits from a reduction in the risk-free rate since 31 March 2014 have been offset by moderation in the traffic growth assumptions and a marginal depreciation of the Indian Rupee against the Pound Sterling.

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 installed capacity under development or construction		
Promoter	Dodson-Lindblom International Inc		
Date of investment	**3 March 2011**	**January 2012**	**May 2012**
Investment amount	£25.7m (implied)	£0.3 million	£1.05 million
Aggregate percentage interest	50.0 per cent	50.0 per cent	50.0 per cent
Investment during the period	Nil		
Valuation as at 31 Sep 2014	**£21.68 million**		
Project Debt:Equity (at initial financing)	62:38		

Key developments

- Disbursement of debt for the Raura project has commenced and construction progresses as expected – with commercial operations expected to commence in 2017
- Debris has been cleared at Darna (4.9 MW), which remains out of operation, and assessment of the damage to electromechanical equipment is underway
- IHDC management are working with the insurer to verify scope of cover but believe it to be adequate to cover losses and aim to re-commission the plant ahead of the 2015 monsoon
- Production at Panwi (4.0 MW) was interrupted for 30 days to clear significant debris accumulation resulting from an upstream cloudburst (sudden and heavy rainfall)

Investment details

The IHDC portfolio has an installed capacity of approximately 62 MW across six projects – Bhandardara Power House I, Bhandardara Power House II, and Darna in Maharashtra; Birsinghpur in Madhya Pradesh; and Sechi and Panwi in Himachal Pradesh. IHDC has an additional 21 MW of capacity under development and construction with planned capacity at two sites having been revised upwards. In addition, IHDC has a pipeline of identified projects for future development.

Project update

IHDC generated 79 GWh during the period against 82 GWh for the same period last year. The lower generation was a result of delayed rainfall and reduced production as a result of the disruptions to the Darna and Panwi plants during the period.

Maharashtra

In spite of a delayed monsoon, IHDC’s Bhandardara I and II projects in Maharashtra operated as expected during the period, generating in the aggregate approximately 47 million kwh against approximately 46 million kwh in the same period in 2013. Production at the Darna plant was however adversely impacted as a result of flooding damage and the resulting shutdown of the plant. On 30 July 2014, the Darna plant (4.9 MW) in Maharashtra suffered extensive damage as a result of very heavy monsoon rainfall in the catchment area and abnormally high inflows to the Darna reservoir. The plant accounts for 7.9 per cent of IHDC's installed capacity and is currently out of operation. The debris from the collapsed wall has now been removed and electromechanical equipment has been sent to the original equipment manufacturer for damage assessment and repairs. The full extent of the damage, resulting repairs, and insurance cover are still being evaluated, but IHDC believes the current insurance to be adequate to cover losses related to damage and loss of production. IHDC management are currently aiming to get the plant re-commissioned for the 2015 monsoon season.

Madhya Pradesh

The Birsinghpur project is located on the cooling water return canal in the Sanjay Gandhi Thermal Power Station in Madhya Pradesh and continues to operate as expected. The generation at Birsinghpur during the reporting period was 6.7 million kwh, which is lower than the 7.5 million kwh produced by the project during the same period in 2013. This difference is attributable to a reduced operation of the cooling water pumps at the thermal power plant.

Himachal Pradesh

IHDC's Sechi (4.5 MW) production was marginally lower than the previous year due to delayed rainfall in Himachal Pradesh.

In August 2014, a cloudburst (sudden and heavy rainfall) resulted in heavy debris being washed into and blocking the trench weir at Panwi (4 MW). This forced the project to shut down for 30 days. The debris has now been removed and the plant is back in full operation.

IHDC received the first disbursement of debt for its Raura project in August 2014. The construction work for the project is on-track, with civil works expected to be complete by the end of 2015 and it is expected that commercial operations will 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 3.3 per cent over the risk-free rate of 8.5 per cent. The composite risk premium is computed using a MW-based weighted average of risk premia of individual assets related to their stage of operation. The value for the IHDC investment as at 30 September 2014 was £21.68 million (£20.16 million 31 March 2014; £19.2 million 30 September 2013).

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 per cent	100.0 per cent
Investment during the period	Nil	
Valuation as at 30 Sep 2014	**£10.71 million**	
Project Debt:Equity (at initial financing)	60:40	

Key developments

- Overall production was lower during the period as a result of the delayed monsoon
- Despite marginal improvement, grid availability issues continue in Tamil Nadu affecting revenue at Theni
- IEL refinanced its debt on the Gadag project – reducing interest by 1 per cent and extending tenor
- Credit ratings for both projects enhanced to Investment Grade

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 impacted the net generation from both projects with production at 55 million kwh against 58 million kwh for same period last year. Grid availability in Tamil Nadu continues to affect production at Theni. Although there was marginal improvement during the reporting period, the grid stability required at Theni will likely take a further 18 months as the government continues to improve grid infrastructure. IEL's two projects continue to operate at very high machine availability – 99 per cent and 98 per cent at Gadag and Theni, respectively.

IEL successfully refinanced the debt on its Gadag project during the reporting period. The new debt terms include a reduction of one per cent in the interest rate and an extension in the tenor of the loan. The credit rating for both projects was also upgraded, with each now classified as investment grade.

Valuation

As at 30 September 2014, the IEL assets were valued in accordance with the Company's stated valuation methodology by applying a 2 per cent risk premium for "normal operations" above the risk-free rate of 8.5 per cent. Adjustments were also applied to the near-term revenues at Theni to account for the anticipated lower grid availability at Tamil Nadu. The value for the IEL investment as at 30 September 2014 was £10.71 million (£11.28 million 31 March 2014; £11.15 million 30 September 2013).

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
Aggregate percentage interest	20.5 per cent	17.7 per cent
Investment during the period	Nil	
Valuation as at 31 Sep 2014	**£11.8 million**	
Project Debt:Equity	80:20	

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 provide electricity, reduce peaking power shortages, and supply drinking water to the city of Indore. Civil works are largely complete with 27 gates and three of the ten turbines installed. IIP owns a 17.7 per cent interest in the project and has certain downside protections provided by the developer. There was no additional investment by the Company during the reporting period.

Current status of the project and financing update

The Joint Secretary and Financial Advisor for the Ministry of Power, chaired a meeting of stakeholders on 14 July 2014 to discuss ways to progress the project. During the meeting, representatives of the Government of Madhya Pradesh (the "GoMP") confirmed their intention of buying all or part of the primary energy from the project as well as permitting the project to sell power to third parties. However, no comprehensive solution was achieved.

On 16 October 2014, the GoMP constituted a High Powered Committee consisting of leadership from the GoMP's Ministries of Finance and Energy, the Managing Director of the MP Power Management Company Limited ("MPPMCL"), Joint secretary and Financial Advisor, Ministry of Power of the Government of India, representatives of key project lenders, and the promoter. This committee has been entrusted with the responsibility to seek a solution to the problems associated with the Maheshwar project and make recommendations to the GoMP. The committee is currently exploring potential solutions, which include, *inter alia*, a comprehensive restructuring of the project debt, additional equity investments, and a revised tariff structure. No clear approach has yet been established and the uncertainty with respect to financing and completion continues. SMH continues to face severe liquidity constraints and an inability to meet day-to-day expenses.

Valuation

Several assumptions were further adjusted to account for the continuing uncertainty on the terms and timing of the project. In addition, the risk premium was increased (from the 31 March 2014 valuation) by 1 per cent to 8 per cent. The resulting value for IIP's investment in SMH as at 30 September 2014 was £11.8 million (£14.09 million 31 March 2014; £23.6 million 30 September 2013). The parameters finally agreed to by the projects 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.

Consolidated Statement of Comprehensive Income
for the period ended 30 September 2014

	Note	(Unaudited) 6 months ended 30 September 2014 £'000	(Unaudited) 6 months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
Interest income on bank balances		1	1	-
Movement in fair value on investments at fair value through profit or loss	10	25,729	(47,568)	(49,009)
Foreign exchange gain		1,068	175	339
Asset management and valuation services	8	(2,274)	(2,439)	(4,662)
Other administration fees and expenses	7	(671)	(626)	(1,260)
Operating profit		23,853	(50,457)	(54,592)
Finance costs	14	(720)	(138)	(383)
Profit before taxation		23,133	(50,595)	(54,975)
Taxation		-	-	-
Profit for the period		23,133	(50,595)	(54,975)
Other comprehensive income		-	-	-
Total comprehensive income		23,133	(50,595)	(54,975)
Basic and diluted earnings per share (pence)	9	5.4	(14.8)	(16.0)

The Directors consider that all results derive from continuing activities.

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

Consolidated Statement of Financial Position
as at 30 September 2014

	Note	(Unaudited) 6 months ended 30 September 2014 £'000	(Unaudited) 6 months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
Non-current assets				
Investments at fair value through profit or loss	10	271,499	220,996	221,356
Total non-current assets		271,499	220,996	221,356
Current assets				
Debtors and prepayments		125	51	14
Cash and cash equivalents		35,617	451	2,762
Total current assets		35,742	502	2,776
Total assets		307,241	221,498	224,132
Current liabilities				
Trade and other payables		(1,456)	(1,547)	(1,342)
Current loans and borrowings		(245)	-	(245)
Total current liabilities		(1,701)	(1,547)	(1,587)
Non-current liabilities				
Loans and borrowings	14	(10,612)	(3,228)	(10,202)
Total non-current liabilities		(10,612)	(3,228)	(10,202)
Total liabilities		(12,313)	(4,775)	(11,789)
Net assets		294,928	216,723	212,343
Equity				
Ordinary shares	11	6,803	3,427	3,427
Share premium	11	282,787	226,711	226,711
Retained earnings		5,338	(13,415)	(17,795)
Total equity		294,928	216,723	212,343

These financial statements were approved by the Board on 10 December 2014 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated Statement of Changes in Equity
for the period ended 30 September 2014

	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 period				
Loss for the period	-	-	(50,595)	(50,595)
Total comprehensive income for the period	**-**	**-**	**(50,595)**	**(50,595)**
Balance at 30 September 2013	**3,427**	**226,711**	**(13,415)**	**216,723**
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 income for the year				
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 period				
Profit for the period	-	-	23,133	23,133
Total comprehensive income for the period	**-**	**-**	**23,133**	**23,133**
Balance at 30 September 2014	**6,803**	**282,787**	**5,338**	**294,928**

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

Consolidated Statement of Cash Flows
for the period ended 30 September 2014

	Note	(Unaudited) 6 months ended 30 Sep 2014	(Unaudited) 6 months ended 30 Sep 2013	(Audited) Year ended 31 Mar 2014
		£'000	£'000	£'000
Cash flows from operating activities				
Profit/(loss) for the period		23,133	(50,595)	(54,975)
Adjustments:				
Interest income on bank balances		(1)	(1)	(1)
Finance costs		720	138	383
Movement in fair value on investments at fair value through profit or loss	10	(25,729)	47,568	49,009
Foreign exchange gain		(1,067)	(175)	(339)
		(2,944)	(3,065)	(5,923)
(Decrease)/increase in creditors and accruals		(111)	227	20
Decrease/(increase) in debtors and prepayments		113	(40)	(3)
Net cash utilised by operating activities		**(2,942)**	**(2,878)**	**(5,906)**
Cash flows from investing activities				
Purchase of investments	10	(24,414)	(2,064)	(3,865)
Interest received		1	1	1
Cash utilised by investing activities		**(24,413)**	**(2,063)**	**(3,864)**
Cash flows from financing activities				
Proceeds from issue of shares (less share issue costs)		59,452	-	-
Loans received		9,591	3,089	10,202
Loans repaid		(9,591)	-	-
Loan interest repaid		(653)	-	(138)
Net cash generated from financing activities		**58,799**	**3,089**	**10,064**
Increase/(decrease) in cash and cash equivalents		**31,444**	**(1,852)**	**294**
Cash and cash equivalents at the beginning of the period		2,762	2,128	2,128
Effect of exchange rate fluctuations on cash held		1,411	175	340
Cash and cash equivalents at the end of the period		**35,617**	**451**	**2,762**

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

Selected notes to the interim consolidated financial statements
for the six months ended 30 September 2014

1. General information

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

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

The Company has no employees.

2. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2014.

These interim consolidated financial statements were approved by the Board of Directors on 10 December 2014.

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

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

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

4. Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements, including the change in accounting policy as described in note 3, are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2014.

5. Critical accounting estimates and assumptions

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

Actual results may differ from these estimates. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2014.

During the six months ended 30 September 2014 management reassessed its estimates in respect of:

(a) Estimate of fair value of unquoted investments

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

(b) Estimate of fair value of subsidiaries

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

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

6. Financial risk management policies

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2014.

7. Other administration fees and expenses

	6 months ended 30 September 2014 £'000	6 months ended 30 September 2013 £'000	Year ended 31 March 2014 £'000
Audit fees	48	30	85
Legal fees	36	39	110
Loan arrangement fee (see note 14)	96	111	111
Corporate advisory fees	139	67	146
Consultancy fees	46	64	124
Other professional costs	26	12	42
Administration fees	73	60	147
Directors' fees	115	140	280
Insurance costs	6	6	12
Other costs	86	97	203
	671	626	1,260

8. Investment management, advisory and valuation fees and performance 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 from time to time. Other service providers may be sub-contracted to the Asset Manager as needed.

Fees for the period ended 30 September 2014 were £ 2,273,561 (30 September 2013: £2,439,000). There were no performance fees paid during the period (30 September 2013: nil).

9. Basic and diluted earnings per share

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

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

	Group 30 September 2014	Group 30 September 2013
Earnings/(loss) (£ thousands)	23,133	(50,595)
Weighted average number of shares (thousands)	427,523	342,660
Basic and diluted earnings/(loss) per share (pence)	5.4	(14.8)

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

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

	SMHPCL £'000	WMPITRL £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Balance at 1 April 2013	34,011	25,311	25,108	167,659	14,411	266,500
Additional capital injection	-	-	-	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
Additional capital injection	-	-	-	24,414	-	24,414
Fair value adjustment	(1,259)	(413)	1,521	26,446	(566)	25,729
Balance as at 30 September 2014	11,832	20,854	21,682	206,422	10,709	271,499

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

All investments have been fair valued by the Directors as at 30 September 2014 using discounted cash flow techniques, as described in note 5. The discount rate adopted for the investments is the risk free rate (based on the Indian government 9-10 year bond yields) plus a risk premium of 2% for WMPITRL, 8% for SMHPCL, 3.3% for IHDC, 7% for DLI and 2% for IEL.

As at 30 September 2014, 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.

11. Share capital and share premium

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2014	342,660,000	3,427	226,711
Issued during the period	337,607,041	3,376	56,076
Balance at 30 September 2014	680,267,041	6,803	282,787

Company has authorised share capital of 680,267,041 ordinary shares of £0.01 each.

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 approximately 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 US$16.8 million, to fund investment into DLI and to fund the Company's working capital needs.

12. Net asset value per share

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

	Group 30 September 2014	Group 31 March 2014
Net assets (£'000)	294,928	212,343
Number of shares in issue	680,267,041	342,660,000
NAV per share	£0.43	£0.62

13. Group entities

Since incorporation, for efficient portfolio management purposes, the Company has established or acquired the following subsidiary companies split by companies that are consolidated and companies that are held at fair value through profit or loss in line with the revised accounting standard IFRS 10 (see note 3):

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest**
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Roads Infrastructure India	Mauritius	100%
Power Infrastructure India (Two)	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 limited	India	99.9%
Freightstar Private Limited	India	99.9%
Indian Energy Limited sub group (IEL):		
Indian Energy Limited	Guernsey	100%
Indian Energy Mauritius	Mauritius	100%
Indian Energy Management	United Kingdom	100%
Belgaum Wind Farms Pvt	India	100%
iEnergy Wind Farms (Theni) Pvt	India	100%
iEnergy Renewables Pvt	India	100%

14. Loans and borrowings

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

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

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

As at 30 September 2014 the Company had fully drawn down the loan facility and had accrued interest payable of US$ 602,000.

In May 2014, IIP entered into an unsecured loan facility for US$8.1 million 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, and both facilities were repaid from the proceeds of the US $102 million placing announced in August 2014 (see note 11). An arrangement fee of US$162,000 (£96,000) was charged in respect of the facility.

15. Related party transactions

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

16. Subsequent events

DLI entered into a Master Restructuring Agreement with its two lending consortia on 29 October 2014, providing a moratorium on principal payments until January 2016, reducing the overall combined interest rate to 12 per cent and extending the tenor. DLI also commenced initial export-import operations in November 2014, with transportation and handling of Exim containers at DLI's Nagpur terminal facility.

There were no other significant subsequent events.