Infrastructure India plc

Report & Accounts

For the year ended 31 March 2012

Contents

Joint Statement from the Chairman and the Chief Executive of Infrastructure India Plc

Introduction

We are pleased to report the results for the twelve-month period ended 31 March 2012 on behalf of Infrastructure India plc ("**IIP**", the "**Company**" or the "**IIP Group**"). In this statement, we review the financial performance of the IIP Group, including the additional investments made and other developments since our last full statement.

Investment Strategy

The Company's investment strategy is to provide its shareholders with both capital growth and income by focusing on investing in assets in the Indian infrastructure sector, with particular emphasis on energy and transportation businesses.

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

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

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

Financial Performance

The IIP Group's portfolio increased in value in Indian Rupee terms although in accounting terms this gain has largely been negated by the devaluation of the Indian Rupee against Sterling and a change in the Indian risk free rate. The value of the Company's investments in its subsidiaries increased from £111.2 million to £216.7 million, following the acquisition of Indian Energy Limited ("**IEL**"), the follow-on investment in Shree Maheshwar Hydel Power Corporation Limited ("**SMHPCL**"), the acquisition of the remaining 62.6 per cent in Vikram Logistic & Maritime Services Limited ("**VLMS**"), and additional investments into both VLMS and India Hydropower Development Company ("**IHDC**"). The Company's NAV increased from £138.0 million to £207.3 million.

The Company's NAV per share as at 31 March 2012 was £0.95 (at 30 September 2011: £0.90; at 31 March 2011: £0.92). The Company's overall NAV increased during the year as a result of progress made on investments, however, for accounting purposes it was materially offset by the devaluation of the Indian Rupee versus Sterling.

Over the six month period from 30 September 2012, there has been an approximate 5 per cent depreciation of the Indian Rupee against Sterling from INR 77.53 per GBP to INR 81.45 per GBP. The depreciation over the twelve month period from 31 March 2011 is 13 per cent (from INR 71.93 per GBP to INR 81.45 per GBP). This has contributed to an approximate £28 million decrease in the value of the Company's portfolio holdings. Consequently, the Consolidated Statement of Comprehensive Income reports a £4.3 million adverse movement in the fair value of investments and the Company Statement of Comprehensive Income shows an overall loss for the period of £11.9 million. We note that since the end of the annual period, the Indian Rupee has continued to weaken and stood at approximately INR 85.84 per GBP on 20 August 2012.

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

Investment Update

During the reporting period, the Company continued to increase the scale of the IIP Group and broaden its portfolio. As reported in the Interim Results as at 30 September 2011, on 21 September 2011, the Company announced the acquisition of 100 per cent of the outstanding share capital of IEL, a formerly AIM-listed independent developer and operator of wind to energy projects in India, that operates two wind farms with an aggregate capacity of 41.3 MW; made a £16.5 million follow-on investment into SMHPCL as announced on 1 September 2011, taking the IIP Group's current aggregate equity interest in SMHPCL to 17.7 per cent (10.54 per cent on a fully diluted basis); and in October 2011, completed the acquisition of the additional stake in VLMS (approximately 62.60 per cent) that it had agreed to purchase from Anuradha Holdings Private Limited at the time of the acquisition of its original stake in VLMS, taking the IIP Group's aggregate equity interest in VLMS to 99.99 per cent.

VLMS acquisition of Freightstar

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

With complementary attributes and synergies between VLMS and Freightstar, this acquisition will expand the business plan of the combined entity and is expected to provide attractive returns to VLMS and the IIP Group. During the reporting period, the Company advanced approximately £1.9 million to ETA towards the purchase consideration. While significant progress has been made including the assignment and novation of customer contracts in favour of VLMS, certain conditions to closing the transaction remain to be completed. The closing of the acquisition is contingent upon, among other things, the completion of the acquisition by ETA of the full 70 acres of land at the planned project location near Palwal in the National Capital Region (NCR), the transfer from ETA to VLMS of the Category I license from Indian Railways to operate container trains, and the receipt of a No Objection Certificate from VLMS' lenders. IIP and VLMS are working closely with ETA, Freightstar, lenders to each of VLMS and Freightstar, and various regulatory bodies to allow the acquisition to close as early as possible.

Given that there are several events outside of the Company's control which need to occur to allow the transaction to close, and also given that the Company has limited liquidity and financial flexibility in allowing it to navigate to a successful solution, there can be no assurance that the acquisition will close. In the event that the acquisition does not complete, VLMS will have a claim against ETA for any amounts advanced to Freightstar.

VLMS liquidity position

During the reporting period, VLMS continued to make progress towards implementing its project plan. In view of this progress and to conform with non-compete provisions of a renewal contract with one of its customers, Container Corporation of India ("**Concor**"), VLMS was unable to continue to provide handling services to Concor, which largely contributed to lower revenues for the reporting period as compared with the previous twelve-month period, and continues to leave the company in a strained liquidity position prior to the completion of its own terminal facilities. This liquidity position was exacerbated due to delays in the release by VLMS' lenders of commensurate disbursements of debt required to complete construction of its terminals. The Company invested a further £8.9 million into VLMS to repay an outstanding unsecured debt facility and to meet on-going working capital needs.

Toll road

The Company's investment in Western MP Infrastructure & Toll Roads Private Limited ("**WMPITRL**") has made steady progress. The second toll plaza on the road became operational with effect from June 2011 and traffic growth as well as overall volumes exceeded initial projections prepared when the project was conceived. With additional adjacent segments along the toll road due to be operational in the near future, traffic volumes along WMPITRL's portion are expected to stay strong. WMPITRL also took advantage of the Government of India's new Take-out Finance scheme by refinancing existing higher-priced project debt to the extent of approximately £16 million from Infrastructure India Finance Company Limited ("**IIFCL**"). This refinancing has resulted in a reduction in the annual interest rate for a portion of its project debt by approximately 3.75 per cent to 10.85 per cent.

Hydropower projects

Several of the small hydropower projects owned and operated by IHDC benefited from better than average monsoon inflows and showed improved power production during the reporting period. IHDC also commissioned the 4.5 MW Sechi project in Himachal Pradesh and made advances towards completing the 4.0 MW Panwi project. In addition, the Company invested £0.3 million in IHDC towards construction on the 3 MW Vaitarna project.

Subsequent to IIP's follow-on investment, SMHPCL completed various rehabilitation and resettlement efforts of affected villages. SMHPCL completed the installation of three of the ten turbine generator units for the project and successfully tested one of the three completed units. SMHPCL also obtained concurrence from its lenders and the Government of India on a revised financing plan with a 80:20 Debt:Equity ratio (from a previously approved 70:30 Debt:Equity ratio). This revision of the financing plan will result in the IIP Group's holding in SMHPCL increasing from 7.9 per cent to 10.54 per cent on a fully diluted basis. As of period end, SMHPCL was awaiting clearance from the Government of India's Ministry of Environment and Forests ("**MOEF**") to commence reservoir filling and subsequent production from the three completed units.

Wind energy

Following its acquisition, the Company invested £0.6 million in IEL to fund certain working capital needs. While the wind flow regime improved slightly at IEL's Gadag project over the previous years, production at the Theni project was adversely affected by issues related to the availability of Tamil Nadu Electricity Board's ("**TNEB**") electricity grid. The Theni project also experienced delays in receiving payment for power. IEL has continued to make progress on expanding its project development pipeline and has signed a Letter of Intent for a 100 MW wind project.

Secured loan facility

In order to fund the repayment of certain maturing indebtedness of VLMS, a portion of the acquisition of Freightstar, and the Company's working capital needs, the Company entered into an agreement, dated 27 February 2012, with IIP Bridge Funding, LLC, an affiliate of GGIC, for the provision of a US$25 million (approximately £15.9 million) secured loan facility. This loan facility is for a period of 12 months at an interest rate of 12 per cent per annum for the first six months and 15 per cent per annum for the second six months, payable quarterly in arrears. The loan facility is repayable after 12 months and the Company has granted security to the lender in the form of charges over shares in its wholly owned subsidiaries, Infrastructure India Holdco and IEL.

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

Subsequent Events

Post the period end, the Company provided a further approximately £0.7 million to fund the working capital needs of VLMS. In addition, the IIP Group advanced approximately £2.8 million to ETA towards consideration for the acquisition of Freightstar.

In the month of June 2012, following the receipt of the required regulatory approvals, VLMS commenced construction on its planned terminals and warehousing facilities at Bangalore. VLMS also commenced construction on its planned facilities at Chennai. Successful completion of VLMS' project construction plans is contingent upon timely disbursements of remaining debt funds from its lenders or upon further equity being provided by IIP. Delays in procurement of documentation pertaining to the land consolidated and acquired for the two VLMS facilities at Bangalore and Chennai along with related bureaucratic delays led to the lenders delaying disbursements. These delayed disbursements had a further cascading effect on completion of the required documentation. However, having completed the land acquisition process and also having received approval from the Government of Karnataka for conversion of land use from agricultural to commercial purposes, VLMS is making aggressive efforts with various Government entities to complete the documentation required to create security over the acquired land in favour of its lenders.

VLMS is also working aggressively to compensate for past delays by accelerating project construction. VLMS would need to commence initial commercial operations from its proposed terminals at Bangalore and Chennai by 30 September 2012 or risk having its loan be classified by its lenders as a non-performing asset. Currently, company management is actively negotiating with its lenders to resume approved debt disbursements, so as to facilitate the timely commencement of initial commercial operations. Simultaneously, company management is working with a consortium of lenders, including lenders to VLMS and ETA, to fund the additional debt requirement (approximately £33 million) of the expanded business plan of the combined entities of VLMS and Freightstar. Implementing the combined business plan will allow VLMS and Freightstar additional time to complete the expanded scope of work and will prevent the classification by their lenders as non-performing assets. The combined business plan requires an additional equity investment of approximately £20 million.

As at 30 June 2012, Freightstar commenced initial commercial operations at its container terminal in Nagpur. Liquidity constraints at ETA are delaying ETA's completion of the remaining conditions to closing, particularly the acquisition of approximately 24 acres of land at Palwal (out of the total of 70 acres). In view of the benefits to both parties resulting from an expedited closing, VLMS and ETA are in the final stages of concluding an agreement, wherein a portion of the remaining purchase consideration payable to ETA will instead be paid by VLMS (upon completion of the land acquisition at Palwal and the closing of the transaction with ETA) to a third party aggregator, who has agreed to provide immediate liquidity on behalf of ETA to complete the land acquisition. VLMS and Freightstar have also commenced the integration of the two organisations, including making necessary personnel and management changes.

IHDC's 4 MW Panwi project in Himachal Pradesh is expected to commence commercial operations in the fourth quarter of 2012. The IIP Group also invested £1.05 million in May 2012 in IHDC to fund its committed share of the equity requirement for construction of the 8 MW Raura project in the state of Himachal Pradesh.

In the month of May 2012, SMHPCL received approval from MOEF to commence partial filling of the reservoir at the project to an elevation of 154 M. The filling is to be conducted under the supervision of an inter-ministerial committee and SMHPCL hopes to use the flows from the 2012 monsoon to partially fill the reservoir and commence initial operations from the three installed turbine-generators. Completion of this filling, subsequent partial power production and completion of all remaining activities for full commercial operations will require further equity funding (approximately £39 million) and the release of pro-rata debt funds (approximately £96 million) from SMHPCL's lenders. The project's promoter, Entegra is currently in the process of arranging the needed equity funding with the objective of completing this financing by September 2012. The delays suffered by the project have led its lenders to put a substantial amount of pressure on Entegra to inject the incremental equity needed as soon as possible. In the event Entegra is unable to arrange the equity, the lenders could take any and all remedial actions available to them under the project loan agreements, including seeking the removal of the promoter. It is not possible to predict with any degree of precision what impact such a move might have on the value of the IIP Group's investment in the project. While the project continues to face substantial opposition from environmental groups, it has been successful so far in seeking and receiving judicial redress against such opposition. We anticipate that there will continue to be litigation surrounding these matters for some time to come.

Positive changes at IEL's Theni project post period end include a marked improvement in the grid availability in Tamil Nadu in the 2012-2013 wind season. Also, to solve the issue of delayed payments, IEL has successfully converted the Theni wind farm to a group captive power project. The project is now providing power to four industrial customers at a gross tariff of INR 5.25 per kWh and IEL anticipates receiving payments within 45 days of invoicing.

Company Liquidity

As of 20 August 2012, the Company had cash available of £0.6 million. As expected and discussed with shareholders this balance is insufficient to meet the Company's working capital and debt service requirements beyond August 2012.

Financing

IIP's share price has declined from 78.50p per ordinary share on 31 March 2011 to 64.75p on 30 March 2012. As at 21 August 2012, the share price has further declined to 28.5p per ordinary share. The significant discount of IIP's current share price to its stated Net Asset Value per share has created unexpected challenges in raising further financing.

Placing of shares

As discussed in the Company's trading update of 19 July 2012, the Company has identified a near term financing requirement of up to £41 million to fulfil its working capital needs for the next six months, repay its term loan, and to finance the equity needs of VLMS in its acquisition and integration of Freightstar. An independent committee of the Board (the "**Committee**"), comprised of M. S. Ramachandran, Timothy Stocks, and Timothy Walker, was established to determine the best means by which the needed funds might be raised. The directors of the Company appointed by GGIC did not participate in any of the Committee's deliberations.

Following discussions with the Committee, GGIC proposed various financing options, through an affiliate, including:

(a) a placing of ordinary shares in the company ("**Ordinary Shares**") made on a non pre-emptive basis to raise approximately £41 million. An affiliate of GGIC would participate *pro rata* to the existing GGIC shareholding and underwrite the remainder;

(b) a £26 million subordinated loan by an affiliate of GGIC which would be used to satisfy the Company's immediate liquidity requirements (to fund investments into VLMS and provide for working capital). The loan would be accompanied by both a formal sale process and a statement of the interest of an affiliate of GGIC, subject to specified conditions, in making a potential cash offer for the Company at 60p per share; and

(c) a variation of option (b) involving a firm and committed cash offer by an affiliate of GGIC at a lower price which would be subject to negotiation.

The Committee, which was advised by Smith & Williamson Corporate Finance Limited and Investec Bank plc, gave careful consideration to the financing options available to the Company, including the alternatives presented by GGIC and its affiliates. Following its review, the Committee has determined that option (a) represents the best option and the only practicable means to raise the full required funds. In reaching this conclusion, the Committee gave particular weight to the following: .

- the number and variety of conditions attaching to and the uncertain timing with regard to the proposed cash offer for the Company;
- the resulting complex and highly leveraged structure which would be the outcome of the proposed subordinated loan route; and

- the cash offer and subordinated loan route provided inadequate funding to repay the Secured Term Loan which is due for repayment in February 2013. Funding options to repay this loan were too uncertain and would potentially test the solvency of the Group.

The Company is therefore proposing to place 123,899,118 of Ordinary Shares at a price of 33p (the "**Placing**"). This Placing will be conducted on behalf of the Company by Smith & Williamson Corporate Finance Limited, the Company's Nominated Adviser and Joint Broker and Investec Bank plc, the Company's Financial Adviser and Joint Broker.

The Company has entered into a Subscription Agreement with GGIC IIP Holdings, LP, and affiliate of GGIC ("Finco") pursuant to which Finco has agreed, subject to certain terms and conditions, to subscribe for 38,886,850 Ordinary Shares, being GGIC's *pro rata* share of the Placing, and Finco has also undertaken to subscribe for the balance of Ordinary Shares available under the Placing not otherwise placed, subject to certain terms and conditions, both at the placing price of 33p. Finco will be paid no fees on GGIC's *pro rata* share of the Placing, will be paid a 1 per cent commitment fee on the value of all of other Ordinary Shares it has committed to underwrite (the "**Underwritten Shares**"), and a further 2 per cent fee on the value of any of these Underwritten Shares it does eventually purchase.

The Board has been advised by the Panel on Takeovers and Mergers that the Company is no longer subject to the Takeover Code. Therefore, investors should be aware that any shareholder, including GGIC, is able to increase its interest in voting rights in the Company to 30 per cent or more without having to make a mandatory offer under Rule 9 of the Takeover Code.

Further details of the Placing are set out in a separate announcement.

Use of Funds

These funds to be raised in the Placing would be utilised to repay the Company's existing term loan (approximately £16 million), fund the remaining equity needed to allow VLMS' acquisition and integration of Freightstar to complete (approximately £20 million), and leave the Company with working capital of approximately £4 million. A successful Placing will stabilise the Company's liquidity and financial position, and allow it to proceed to full operation of its principal investment. The Board will consider selective disposal of its assets to provide additional finance to the Company in conjunction with a strategic review of the business and the asset portfolio.

Dividend Objective

The objective of paying a covered dividend as soon as practical remains the Company's objective. However, given the fact that initial operations at SMHPCL are yet to commence, it is unlikely the Company will meet its previously stated objective of commencing the payment of a covered dividend in 2013. The Board will periodically review and report on progress towards commencement of a dividend.

Management Team

As announced in the Interim Results for the six months ended 30 September 2011, the Company welcomed Vikram Viswanath as a director and M. S. Ramachandran as an independent non-executive Director to the IIP Board with effect from 17 October 2011 and 1 December 2011, respectively. Rupert Cottrell stepped down from the Board on 1 December 2011.

Valuation and Portfolio Services

In May 2012, the Valuation and Portfolio Services Agreement between the Company and Akur Partners, LLP was acquired by GFPM. Pursuant to this purchase, all asset management and portfolio valuation services are now provided to the Company by GFPM, simplifying and reducing the cost of the management structure of the Company.

Outlook

Whilst the long term prospects for continued growth of the Indian economy remain positive, during the reporting period the infrastructure sector in India has seen many challenges. In the wake of a global economic downturn, GDP growth in India has slowed. Added to these factors are the continued devaluation of the Rupee against major international currencies (approximately 13 per cent during the year against the Sterling), high interest rates, a nervous bank financing environment, an uncertain policy environment and other constraints common in India such as bureaucratic delays and challenges associated with timely completion of critical project land acquisition. The IIP Group companies have not been immune to these challenges and remain capital constrained but have continued to advance towards meeting their respective goals.

Despite these challenges, GDP in India is expected to grow annually at over 6 per cent, a considerably higher rate than that of mature economies, and the country continues to require significant investment in its infrastructure. In some instances, liquidity constraints stemming from this challenging environment are creating interesting acquisition opportunities as companies look to divest their holdings and in some cases are exiting the sector altogether. Conditional on the Company being able to raise additional capital to meet its existing obligations, the IIP Board remains of the view that infrastructure projects generally demonstrate an ability to create sustainable long-term value for shareholders and IIP is well positioned to benefit from the value of its existing investments in the power and transportation sectors.

Tom Tribone
Chairman

Sonny Lulla
Chief Executive

Review of Investments

Indian Infrastructure – Overview

Infrastructure investment in India saw aggressive growth over the last five years representing the 11th Five Year Plan (2007-2012) and totalled approximately US$425 billion, which was short of the 11th Plan target of US$514 billion. In the 12th Five Year Plan (2012-2017), the Government of India has targeted investment in infrastructure of US$1 trillion, or 10 per cent of projected GDP, with nearly 50 per cent of this target coming from the private sector. Despite the substantial growth observed in the last five years, the aggressive estimates for 2012-2017 by the Indian government highlight the significant work that remains to be done. While the Government of India is reviewing its estimates of projected private sector participation, it is also clear that the private sector will need to play a large role in enabling the implementation of the country's infrastructure development plans.

The infrastructure sector in India continues to face difficulties. Among these are regulatory bottlenecks, a relative standstill in policy reforms, delays in Government clearances, high interest rates resulting from tight monetary policy, the worsening financial health of many state-owned electricity distribution companies ("Discoms"), delays in land acquisition causing delays in project implementation, and poor fuel availability for thermal power projects. Against a backdrop of a challenging global economic climate, these factors have exacerbated a very difficult financing environment.

Despite these challenges, it is noteworthy that the infrastructure sector overall did progress in the past year. The power sector added more than 20.5 GW of capacity in FY 2011-2012, its highest annual capacity addition ever, and more than twice that of FY 2010-2011. Partly influenced by fuel constraints in the thermal sector and partly by policy initiatives by the Government of India, the renewables sector has seen abundant activity. Nearly 3,800 kilometres of roads were added, and approximately 8,000 kilometres of new Build Operate Transfer road contracts were awarded during the year – an increase of 54 per cent over the previous year. The 11th Plan saw the highest investment in the power sector at about US$130 billion with over US$50 billion in the roads sector and over US$8 billion in the ports sector. These three sectors represent key areas of IIP's existing portfolio and while our portfolio companies have faced similar challenges to other companies in India, each of IIP's portfolio companies has continued to make meaningful progress towards achieving its targets.

Recognising the important role of infrastructure development in supporting the Government's GDP growth targets, several actions have been taken in the FY 2012-2013 national budget. These include:

- the establishment of the First Infrastructure Debt Fund with an initial size of INR 8,000 crores;
- tax free bonds of INR 60,000 crores for financing infrastructure projects in 2012-13;
- a structure for credit enhancement and take-out finance for easing access of credit to infrastructure projects.

Electricity Sector

India's installed capacity is approximately 203 GW as of May 2012. The sector continues to experience increasing demand and a growing peak deficit. In March 2012, the Central Electricity Authority (CEA) estimated that the total electricity generation for India for FY 2011-2012 was approximately 877 TWh. This generation fell short of the country's electricity requirement by 10.2 per cent (up from 7.7 per cent the previous year). With the peak demand at over 130 GW, the CEA estimates that there was a deficit of 11.1 per cent in the available generation capacity. Over the next five years, the electricity requirement and peak demand are expected to grow to 1,403 TWh and 198 GW, respectively and unless supply growth exceeds demand growth, the system's deficits will likely widen. The CEA also estimates the per capita electricity consumption in India to be 813 KWh as of FY 2010-2011, which continues to be very low when compared with the global average of 2,680 KWh (USA average – 12,000 kwh; China's average – 3,400 kwh).

Despite aggressive efforts to add generating capacity, the overall capacity addition in the 11th Plan period fell shy of Plan targets. The Working Group on Power for the 12th Five Year Plan recognized the various constraints faced by the sector and estimated a capacity addition of 76 GW during the 2012-2017 Plan period (nearly 63 GW being coal-based), with a proviso to revise this target during subsequent reviews in light of emerging fuel supply trends.

The country has seen increased investment in the renewables sector, with installed wind generating capacity reaching fifth place globally and fierce competition observed in recent bidding for the allotment of solar photovoltaic projects. As at April 2012, the total grid connected renewable capacity equaled approximately 25 GW, the bulk of which consisted of wind (17.4 GW) and small hydro power (from 25 MW to 3.4 GW). Biomass cogeneration power and solar power made up the remaining 4 GW.

Another key positive development observed in the last quarter of FY 2011-2012 related to the Government's Renewable Energy Certificate ("**REC**") scheme, which traded over 1 million RECs in FY 2012. This high REC traded volume implies an accredited capacity of over 2,500 MW in FY 2012 with over 2,350 MW of this added in FY 2012. Furthermore, framework changes by the Central Electricity Regulatory Commission ("**CERC**") to its REC programme now require Renewable Purchase Obligations ("**RPO**") to be met on a quarterly basis (instead of annual) and should promote steady REC trading activity during the year.

Most Discoms rely heavily on state subsidies to meet their financial obligations. Subsidy disbursements are expected to cover only half of the losses faced by Discoms (for FY 2011-12, estimated to be £10 billion), resulting in large book losses for them (and in many cases their power suppliers). The bulk (70 per cent) of these losses are accounted for by just six states, namely, Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Rajasthan, Punjab and Haryana. Several efforts, including directives by the Apellate Tribunal of Electricity and the Reserve Bank of India ("**RBI**"), respectively, have resulted in tariff increases by several Discoms and efforts to restructure their debt. While the independence of individual state regulatory commissions will likely influence the pace and effectiveness of the reforms that enable the Discoms to reduce their losses, the incremental actions being observed represent a step in the right direction. These steps should enable many cash-strapped Discoms to be more prompt in paying their dues, in turn improving the collections of affected Independent Power Producers ("**IPPs**").

The Government of India has taken several steps aimed at easing the fuel supply constraints being faced by coal-based thermal power plant and for financing power projects. These include:

- a directive from the Prime Minister's office to Government-owned Coal India Limited, India's primary owner of coal mines and supplier of domestic coal, to sign fuel supply agreements with power producers for a term of 20 years for the entire supply of coal that they had committed to in Letters of Assurance issued by them;
- penalties if the actual fuel supply should fall below 80 per cent of the committed amount;
- identification of several priority areas by a Committee of Secretaries to mitigate fuel supply risks to thermal power projects; and
- allowing External Commercial Borrowings ("ECB") to part-finance the INR debt of existing power projects.

While most of the policy provisions for renewables continue to remain in place, the Government of India in its latest Union Budget decided to roll-back two key incentives available for wind energy projects – that of accelerated depreciation (from 80 per cent to 15 per cent) and generation based incentives ("**GBI**"). While the high accelerated depreciation benefit had served to promote tax-based investment, the recent change is expected to benefit IPPs who are long-term investors.

IIP currently has investments in the hydropower and wind energy segments through SMHPCL, IHDC and IEL.

Roads Sector

The roads sector in India continued to grow at a robust pace during the last fiscal year. The National Highway Authority of India awarded 49 projects totalling 6,491 kilometres, the highest number of kilometres awarded in a year and a 28.3 per cent increase from the prior period. Including awards from state authorities and the Ministry of Road Transport and Highways, a total of 62 projects totalling 7,957 kilometres were awarding during FY2011-2012. For FY2012-2013, the government plans to award projects totalling 8,600 kilometres (implying growth of 10.6 per cent). Regulatory reforms in 2009 have intensified competition in the sector resulting in a nearly five-fold increase in the number of developers pursuing these awards.

According to a study conducted by CRISIL, a subsidiary of Standard & Poor's, road projects awarded before 2009 are expected to earn equity returns of approximately 22 per cent mainly due to higher than expected traffic growth and reasonable bidding practices adopted by bidders. The study was based on 23 Build Operate Transfer ("**BOT**") awarded prior to 2009 which are currently operational. The study also revealed that newer projects are expected to earn equity returns of approximately 14 per cent due to aggressive bidding. Implementation and financing constraints on these later projects have led to stretched balance sheets of many developers in the sector. This, in turn, does lead to some interesting investment opportunities.

While several projects noted in CRISIL's study (and IIP's project, WMPITRL in the State of Madhya Pradesh) have seen higher than anticipated traffic volumes, it is expected that this trend will revert to normal.

Transportation and Logistics sector

During FY2011-2012, container volumes at non-major ports grew at 26 per cent while container volumes grew at a modest 3.0 per cent at the 12 major ports. This is the continuation of a trend in place since 2007, and is a reflection of congestion, poor infrastructure, limited capacity additions and non-competitive pricing at India's major ports. While EXIM container volume growth was stable, domestic volume was lower than expected mainly due to a slowdown in industrial activity in the country.

In FY2011-2012, rail container traffic grew by a modest 5 per cent, in part due to higher haulage charges imposed by the Indian Railways. While overall rail container traffic growth was modest, large multimodal logistic services providers are expected to continue gaining market share from Government-owned Container Corporation of India, Ltd. ("**Concor**"). In the EXIM container market, Concor's market share reduced to 75 per cent by the end of March 2012 from 78 per cent at the end of December 2011.

Overall, the logistics sector is expected to see continued steady growth. The primary catalysts are, a growing trend of outsourcing of logistics services (currently estimated at 52 per cent), reduction in supply-side constraints through improvements in Indian infrastructure including the building of the Dedicated Freight Corridor ("**DFC**"), implementation of the proposed new Goods & Services Tax ("**GST**"), and lower penetration of containerized cargo in India (48 per cent) compared to developed countries (70 per cent).

This growth is expected to benefit companies operating in warehousing, container cargo transportation (by rail and road), container handling and storage, and Third Party Logistics (3PL). The warehousing sub-sector is highly fragmented and organized players control only 8 per cent of the total storage capacity. This sub-sector is expected to benefit significantly with implementation of GST and expected policy reforms in the retail sector (such as, foreign direct investment in multi-brand retail). Lower handling and insurance costs, reduced pilferage and breakage, and lower packing costs are expected to continue increasing the containerization levels in India. This in turn would benefit operators of container terminals and container train and truck operators. As these sub-sectors have multiple growth drivers, there is a significant opportunity for consolidated, multi-modal, end-to-end transport, handling and storage services providers to gain market share.

IIP's portfolio company VLMS currently provides transport services and is building container terminals and a Free Trade Warehousing Zone ("**FTWZ**") in southern India. With the proposed acquisition of Freightstar, VLMS expects to provide consolidated, multi-modal, end-to-end transport (rail and road), and storage and handling services on a pan-India basis.

Summary of Assets

	VLMS	SMHPCL	WMPITRL	IHDC	IEL
Percentage interest[1]	99.99%	17.70%[4]	26.00%	50.00%	100.00%
Value at 31 March 2011	£34.8m[3]	£21.4m	£29.4m	£25.7m	–
Value at 31 March 2012	£112m[5]	£34.7m	£29m	£25.4m	£11.8m
Percentage of Gross Assets[1, 2]	52.1%	16.6%	14.0%	11.8%	5.5%
Average Cost of Debt	14.75%	10.5%	13.5%	9.6%	13.75%

Notes:

(1) As at 31 March 2012
(2) Excludes cash and IIP level debt balances
(3) Based on a 37.39 per cent ownership stake
(4) 10.54 per cent post all dilution effects
(5) Excludes Freightstar

Vikram Logistic & Maritime Services Private Limited (“VLMS”)

Summary

Description:	Supply chain transportation and container infrastructure company based in Southern India.	
Promoter:	IIP	
Date of Investment:	3 March 2011	15 October 2011
Amount of Investment:	£34.8 million (implied value)	£58.3 million (implied value)
Aggregate Percentage Interest:	37.39%	99.99%
Additional Investment:	£8.9 million (between January and March 2012)	
Valuation as at 31 March 2012:	£112 million	
Project Debt: Equity Ratio (based on construction costs):	65:35	

Key Highlights:

– Acquisition of further 62.60 per cent interest in VLMS in October 2011, resulting in aggregate interest of 99.99 per cent.

– Development of two 100+ acre container handling and storage facilities in Bangalore and Chennai.

– Agreement by VLMS to acquire Freightstar, a logistics service business with a Category I rail licence and operations in North and Central India.

– Freightstar developing two large container facilities in Nagpur and National Capital Region, each over approximately 70 acres.

– Combined business expected to be one of India’s largest private sector transportation and logistics companies.

Investment details

The Company completed the acquisition of a further approximately 62.6 per cent of VLMS from Anuradha Holdings Private Limited (“**AHPL**”) in October 2011. Between February 2012 and March 2012, IIP has further made equity investments worth approximately £8.9 million in multiple tranches. A further approximately £0.7 million was invested between March and May 2012. These funds were utilized to repay an existing unsecured bank loan of VLMS and to provide working capital to the company. The IIP Group has also advanced approximately £4.7 million to Freightstar between October 2011 and May 2012 as advance purchase consideration.

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

Revenue streams from VLMS’s various business units including FTWZ, DTs, CFSs and services (includes Transportation and Freight Forwarding) are comprised of, *inter alia*, handling charges, transportation (containers and bulk), warehousing, rent, shipments, leasing, access charges and certain other categories. Data from studies conducted at the Chennai port and other market data show a significant annual growth in container and freight volumes, a trend consistently observed across the country. Among the 12 major ports in India, Chennai is the second largest with a market share of approximately 20 per cent at the end of fiscal 2011-2012. The port serves as a major automobile hub and also as a hub for other major cities in Southern India such as Bangalore. Container terminals at Chennai and Bangalore are integral to VLMS' business plans and are expected to benefit from the volumes at Chennai port. Although, some moderation in growth can be expected due to the overall global economic slowdown, VLMS expects to see steady growth in container volumes for the foreseeable future. With various service offerings and a leadership position in Southern India, VLMS is well positioned to take advantage of the growth opportunities in the logistic sector. VLMS's gross revenues are expected to come roughly 60 per cent from transportation, 30 per cent from handling, 5 per cent from warehousing, and the remaining from all other service offerings. Average revenue per TEU, including revenue from each of the company's key business lines mentioned above is expected to be approximately £190 and is based on a discount to Concor's published rates. EBITDA margins for these businesses on a weighted average basis are expected to be on the order of 25 per cent (with handling and warehousing being higher than the average, and transportation being lower).

Developments

VLMS plans to provide container handling and transportation services and other related services from the facilities it is developing at Bangalore and Chennai. Since the last reporting date, VLMS has made significant progress to operationalize these terminals. Registration of the acquired land at Chennai and Bangalore has been substantially completed. Initial delays in procuring documentation associated with the registration of land at these locations resulted in delayed disbursements of needed funds from VLMS lenders, compounding the problem and adding to the delays in completing the documentation. However, despite these delays, VLMS was able to receive required regulatory approvals for the conversion of the land from agricultural to commercial use in an expedited manner. Following the receipt of the regulatory approvals, VLMS commenced construction at these locations in June 2012. Initial operations of the two key facilities at Bangalore and Chennai are expected in September 2012, subject to timely disbursements of remaining debt from VLMS' lenders. Non-achievement of commercial operations at these facilities by 30 September 2012, could result in VLMS being classified by its lenders as a non-performing asset. To prevent such a classification, VLMS is actively negotiating with its lenders to expedite pro-rata disbursements of the remaining debt to facilitate the required construction progress. Further, VLMS is negotiating with a consortium of lenders, including lead lenders to VLMS and ETA to fund the combined and expanded business plan of VLMS and Freightstar. This combined plan will require additional debt of approximately £33 million and additional equity of approximately £20 million, and will provide additional time to VLMS and Freightstar to complete the expanded scope. Initially, VLMS expects to start container handling and bulk transportation operations at the two facilities with warehousing to be progressively ramped up by March 2013. VLMS also expects its operations at Hassan to be ramped-up upon the receipt of a customs clearance facility along with electronic data interchange connectivity, which are expected imminently.

In October 2011, VLMS agreed to acquire the logistics business of ETA Engineering Private Limited (ETA) operating in India under "Freightstar" brand. While significant progress has been made, the transaction has not yet closed as certain conditions precedent to the closing are in the process of being completed. These include the completion of the acquisition by ETA of the full 70 acres of land at the planned project location near Palwal in the NCR region, the transfer from ETA to VLMS of the Category I license from Indian Railways to operate container trains, and the receipt of a No Objection Certificate from VLMS' lenders. The documentation in relation to the assignment and novation of Freightstar's customer contracts in favour of VLMS has been completed and is ready to become effective as of the date of closing. Continuing liquidity constraints at ETA are resulting in the reported delays to closing, particularly in respect of the completion of the acquisition of the land at Palwal of which approximately 24 acres still remains to be acquired. Due to delays in closing, VLMS has renegotiated the purchase consideration with ETA to approximately £7 million (from the initially agreed approximately £9 million). Further, VLMS and ETA are in the final stages of concluding an agreement, wherein a portion of the remaining purchase consideration payable to ETA will instead be paid by VLMS (upon completion of the land acquisition at Palwal and the closing of the transaction with ETA) to a third party aggregator, who has agreed to provide immediate liquidity on behalf of ETA to complete the land acquisition. VLMS has advanced approximately £4.7 million to ETA as part of the acquisition terms, which is treated as a receivable and due back to VLMS if the transaction terminates.

Freightstar currently operates 11 container trains and is developing two multi-modal logistics centres in Northern (NCR region) and Central (Nagpur) India, thus allowing it a pan-India presence. As of 30 June 2012, Freightstar commenced initial operations at its Nagpur facility. Freightstar also brings several other opportunities, including a third party logistics division and joint ventures with other logistics parks for providing automobile logistics services. Freightstar has an experienced management team and state-of-the-art IT systems to manage the logistics business. The proposed acquisition of Freightstar is complementary and should provide VLMS and the combined entity with several potential synergies and benefits including,

- a nationwide presence;
- increase in productivity from a larger company-owned terminal network;
- better control over the entire multi-modal chain;
- comprehensive end-to-end solutions for customers;
- better utilisation of assets (road fleet, containers, trains, manpower, IT systems, etc);
- lower cost of first and last mile transportation; and
- the ability to become the leading private multi-modal logistics service provider in the country.

The acquisition of Freightstar is expected to add new revenue streams and result in a greater than 50 per cent increase in throughput and more than doubling of VLMS's gross revenues, while retaining or enhancing EBITDA margins. The Freightstar acquisition would enable VLMS to achieve these outcomes at a fraction of what it would otherwise cost through implementation of an organic growth strategy. Also, the combined entity is expected to be one of the largest multi-modal, end-to-end freight transportation and handling services provider in the India (after Concor).

VLMS intends to raise additional debt by recapitalising the merged entity to fund the combined business plan. An additional equity infusion of approximately £20 million over the course of 2012 and 2013 will be necessary to complete the various expansion projects planned by VLMS and Freightstar. Project plans envisage debt levels of 70 per cent of the total project costs for the combined entity.

For FY2011-2012, VLMS had total revenue of approximately INR 205 million compared to INR 256 million in FY2010-2011. Current operations of VLMS are primarily focused on road transportation of domestic containerized cargo and logistic infrastructure services at domestic terminals. During FY 2011-2012, VLMS did not rebid to continue providing contracted handling services to Concor for the stipulated 3-year term in view of non-compete provisions in the Concor contract, as it expects to commence handling operations at its own facilities currently under construction within such period. While this contributed largely to the reduced revenues for the year, performance was also impacted by slower growth in domestic container cargo resulting from a slowdown in domestic industrial activity.

As at 31 March 2012, VLMS' total debt was approximately INR 2,162 million compared to INR 2,447 million in FY2010-2011. A further INR 1,216 remains to be drawn down from the company's existing debt facilities. IIP invested approximately INR 767 million (£9.6 million) between February and May 2012, which was used to pay off a loan from Corporation Bank of approximately INR 500 million (£6.3 million) and to meet other working capital requirements. In addition, the IIP Group invested approximately £4.7 million between October 2011 and May 2012 as advance consideration towards VLMS' acquisition of Freightstar.

Valuation

As at 31 March 2012, the asset was valued at £112 million compared to the previous valuation of £93.2 million (pro forma as of 30 September 2011 for a 99.9 per cent ownership). The higher valuation is driven mainly by reduction in debt and a 1.85 per cent reduction in risk-premium used for its valuation to 7 per cent. The change in the risk-premium assumption is deemed to be reasonable, as VLMS has made significant progress towards acquiring land, receiving critical regulatory approvals for construction and commencing construction work (in the quarter following period-end). Although construction of such terminals is considered predictable and less complicated than other typical infrastructure assets, an additional risk premium of 1 per cent over IIP's stated "in-construction" rate was applied to a discounted cash flow methodology to arrive at the valuation. The higher risk free rate of 8.8 per cent as compared to the 30 September 2011 rate of 8.35 per cent and a nearly 5 per cent devaluation of the INR against the £ also impacted the valuation. The valuation arrived at for VLMS is reflected in the Company Statement of Financial Position, in which the Company's investments in subsidiaries are shown at fair value. However, as VLMS was a wholly owned subsidiary at that date, the Consolidated Statement of Financial Position includes a consolidation of VLMS, as required by IFRS. Such a consolidation by definition does not incorporate the valuation of the investment.

No adjustments were made to the projections to account for the proposed acquisition of Freightstar.

Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL")

Summary

Description:	400MW hydropower project on the Narmada River near Maheshwar; expected to be one of India's largest privately owned hydropower projects.	
Promoter:	Entegra Limited	
Date of Investment:	June 2008	1 September 2011
Amount of Investment:	£13.2 million	£16.5 million
Aggregate Percentage Interest:	20.5%	17.7%
Post dilution effects:	5.96%	10.54%
Valuation as at 31 March 2012:	£34.72 million	
Project Debt: Equity Ratio (based on construction costs):	80:20	

Key Highlights:

– Received permission (post period end) from Ministry of Environment and Forests (MOEF) to commence partial filling of the reservoir to 154 metres

– As per the latest schedule, SMHPCL expects to commence power production at partial load from the three completed units during the third quarter of 2012 with a projected completion in the first half of 2013.

Investment details

SMHPCL, promoted by Entegra Limited ("**Entegra**"), is constructing a 400MW hydropower project (ten turbines of 40MW each) situated on the Narmada River near Maheshwar, in the south-western region of Madhya Pradesh. The project is substantially complete, with power generation expected to commence within the next three months. The project is expected to be one of the largest privately owned Indian hydroelectric schemes when it is fully commissioned.

IIP made its first investment in the project of approximately £13 million in June 2008, which was followed by a second investment of £16.5 million on 1 September 2011. With this additional investment, the IIP Group's aggregate equity interest in SMHPCL amounts to 17.7 per cent (10.54 per cent on a fully diluted basis at the revised Debt:Equity ratio of 80:20).

The project's returns are protected by way of regulation and a Power Purchase Agreement which provide for a return on equity to investors in the project, while IIP's returns are to be protected by way of an IRR guarantee arrangement on cash flows. The IIP Group is expected to earn a minimum IRR of 15 per cent on the first £13 million investment and a minimum IRR of 17 per cent on the second £16.5 million investment. While the maximum IRR for the IIP Group is not contractually limited, the IIP Group has agreed to share returns above certain thresholds on the second round investment with certain co-investors in SMHPCL. In addition, IIP has negotiated a three-year extension in respect of the original guarantee previously provided relating to the IIP Group's initial investment made in 2008 (with a minimum IRR of 15 per cent and an original five year term). If the guaranteed IRRs are not achieved on the IIP Group's exit, certain escrowed shares in SMHPCL will be transferred to the IIP Group at no additional cost to the IIP Group, until this minimum return is reached or the supply of escrowed shares is exhausted. In addition, IIP has representation on the board of SMHPCL.

Current Status of Project

In May 2012, SMHPCL received permission from the Government of India's Ministry of Environment and Forests ("**MOEF**") to commence partial filling of the reservoir it has created. The project will now transition from the "construction" phase to a "ramp-up" phase ahead of full production. With the permission received and subject to the appointment of a monitoring committee by the Government and availability of water releases from monsoon flows, SMHPCL will begin filling the reservoir to 154 metres above sea level, which will enable it to commence power production at partial load from the three completed units. Three of the ten turbine-generators planned for the project have already been installed. While the remaining equipment has been partially delivered and installed, the delivery and installation needs to be completed and the equipment tested and commissioned prior to full commercial operations. Some rehabilitation of the affected villages also remains to be completed before reservoir filling and power production can commence.

Subject to the risks mentioned in the paragraph headed "Financial Update", these developments have substantially reduced the regulatory and financing risks associated with the project, allowing the company to better estimate likely completion schedules. The project is expected to complete full commercial operation in the first half of 2013.

Once the project is fully operational, it is expected that SMHPCL will, subject to satisfaction of customary lender covenants, declare dividends on an annual basis, based on the project's performance and cash flows.

Financing Update

The overall cost of the project is approximately £514 million (of which project debt totals approximately £411 million per the revised Debt:Equity ratio of 80:20 as agreed to with its lenders and the Government of India's Ministry of Power). Under the revised financing plan, SMHPCL needs to raise an additional £96 million of debt and £39 million of equity to complete construction on the project. Based on discussions with its lenders, SMHPCL believes that its current consortium of lenders will invest the remaining debt subject to the remaining equity being funded. The delays suffered by the project have led its lenders to put a substantial amount of pressure on Entegra to inject the incremental equity needed as soon as possible. In the event Entegra is unable to arrange the equity, the lenders could take any and all remedial actions available to them under the project loan agreements, including seeking the removal of the promoter. It is not possible to predict with any degree of precision what impact such a move might have on the value of the IIP Group's investment in the project. The tariff under the PPA allows a full pass-through of all costs incurred. During the time between partial operations and full commercial operations, SMHPCL anticipates selling the power generated to third-party consumers.

Valuation

The asset is valued following the Company's stated valuation methodology (a discounted cash flow analysis) where a risk premium is added to the risk free rate in India (given by long-term Indian government bonds) to give the discount rate used in the analysis. The stated methodology of IIP is to use a risk premium of 6 per cent over the risk-free rate for assets in "construction". Although construction activity on the project is substantially complete, the project had not commenced operation as of 31 March 2012. The "in construction" rate used to value the project represents a reduction in the risk premium of 1 per cent from the valuation completed in September 2011, due to a reduction in the uncertainty of receipt of Government approvals for commencing the reservoir filling and subsequent operations. Applying this discount rate (6 per cent plus the risk-free rate) to IIP's share of the project's cash flows and discounting to a value as at 31 March 2012, gives a value for this holding of £34.72 million (30 September 2011: £37.81 million), compared to the £13.2 million invested in June 2008 and the £16.5 million invested on 1 September 2011. There was an 8 per cent reduction in valuation between September 2011 and March 2012, with the bulk of the reduction (5 per cent) coming from a devaluation of the INR to the GBP. An increase in the risk-free rate and additional delays in the commencement of operations contributed further to the reduction, although the change in the risk premium offset some of the reduction.

However in considering the valuation of the project, the risks mentioned out in the paragraph headed, "Financial Update" should be borne in mind.

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

Summary

Description:	125km, four lane highway toll road in Western Madhya Pradesh, with a 25 year concession commencing in April 2008.	
Promoter:	Essel Group	
Date of Investment:	30 September 2008	25 June 2010
Amount of Investment:	£11.3 million	£0.4 million
Aggregate Percentage Interest:	26.0%	26.0%
Valuation as at 31 March 2012:	£29 million	
Project Debt: Equity Ratio (based on construction costs):	68:32	

Key Highlights:

- Commencement of full commercial tolling along entire length of the road on 4 June 2011.
- Higher than expected traffic growth rates.
- Take-out finance for approximately £16 million from IIFCL at a lower interest rate of 10.85 per cent.

Investment Details

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

Project Overview

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

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

There are two toll plazas (TP1 and TP2) along the length of the road which are continuously monitored on a real-time basis, both locally and at the project company headquarters in Mumbai. The toll collection is split roughly in half between the two plazas (67km for TP1 and 58km for TP2). TP1 has now been in operation for over two years and has reported significant increases in revenue from INR 124 million for quarter ending 30 September 2011 to over INR 131 million in quarter ending 31 March 2012. TP2 has been in operation since June 2011, and has also seen significant growth in revenue from INR 116 million in quarter ending September 2011, to INR 126 million in quarter ending March 2012. Traffic growth rates, as per the bank sanctioned project model, are expected to grow by a minimum of 10 per cent per annum for the first 15 years of operation. However, due to the growth seen so far and the expected acceleration of this growth with the completion of various feeder roads, WMPITRL's management believes this estimate to be conservative.

The concession agreement entitles WMPITRL to escalate the toll charged each year by 7 per cent and WMPITRL is applying this annual escalator in full. In FY2011-2012, the tolls charged by WMPITRL for the full use of the road are INR 50 per car, INR 122 per minibus, INR 250 per bus, INR 122 per light goods vehicle, INR 302 per truck, and INR 603 per multi-axle truck. Approximately 80 per cent of all toll revenue is derived from multi-axle truck traffic.

Project Update

The two toll plazas are now collecting tolls and continue to witness better than expected traffic growth. For the Fiscal year 2011-2012 ending on 31 March 2012, the total toll collection is expected to be approximately INR 889 million compared with INR 366 million in FY2010-2011 mainly due to a significant traffic growth rate and the commissioning of TP2 in June 2011. At TP1, the annual toll revenue increased by 35.6 per cent in FY2011-2012 (INR 49.6 million) compared to FY 2010-2011 (INR 36.6 million). At TP2, average monthly growth in toll revenue was approximately 3.5 per cent for its first twelve months of operation. In FY2011-2012, the average monthly toll collection was INR 49.6 million for TP1 and INR 39.2 million for TP2 (10 months).

The concession agreement entitles WMPITRL to escalate the toll charged each year by 7 per cent and WMPITRL obtained necessary government approvals to escalate toll rates by 7 per cent for FY2012-2013 beginning 1 April 2012.

As of 31 March 2012, WMPITRL had a total outstanding loan of INR 6,089 million including a secured loan of INR 5,630 million and an unsecured loan of INR 467 million. The unsecured loan from the parent company (Essel Group) increased by approximately INR 108 million to account for higher costs associated with construction of bridges and the accrued interest component on the unsecured loan. Further, as of 31 March 2012, an amount of INR 423 million is payable to the Essel Group in respect of project construction costs. On 15 February 2012, WMPITRL executed financing documents for an INR 1,285 million (approximately £16 million) take-out finance facility from IIFCL. This facility was used to replace higher cost debt from Corporation Bank, Canara Bank and Axis Bank at a lower annual interest rate of 10.85 per cent. The debt from IIFCL is to be repaid in 45 quarters pursuant to an agreed repayment schedule and is expected to reduce the annual interest rate for the refinanced debt by approximately 3.75 per cent.

Valuation

As at 31 March 2012, the asset remains in the "ramp-up" phase as the second half of the project has been operational for less than two years. As per the stated methodology, the risk premium is retained at 4 per cent for the "ramp-up" phase. To discount the future cash flows, the discount rate used is the risk premium of 4 per cent plus risk-free rate of 10-year Indian government bond yield of 8.8 per cent on 31 March 2012. Despite a significant depreciation of the Rupee and higher risk free rate, the asset has appreciated by approximately 3 per cent to £29 million as of 31 March 2012 from £28.2 million on 30 September 2011.

India Hydropower Development Company, LLC ("IHDC")

Summary

Description:	A company that develops, owns and operates small hydropower projects with five fully operational projects (58 MW installed capacity), one project expected to be operational in the third quarter of 2012 (4 MW installed capacity) and a further 16 MW of installed capacity under construction.	
Promoter:	Dodson-Lindblom International, Inc.	
Date of Investment:	3 March 2011	2012
Amount of Investment:	£25.7 million (implied value)	£1.35 million
Aggregate Percentage Interest:	50.0%	50.0%
Valuation as at 31 March 2012:	£25.41 million	
Project Debt: Equity Ratio (based on construction costs):	68:32	

Key Highlights:

– H.P. Cluster No. 1 – Sechi (4.5 MW) achieved full COD in February 2012; will capture 12 months generation revenue for FY 2012-13.

– H.P. Cluster No. 1 – Panwi (4 MW) is expected to achieve full COD in the third quarter of 2012.

– In January 2012, IIP invested £0.3 million to commence construction of a 3 MW project – Vaitarna, near existing projects in the state of Maharashtra.

– In May 2012, IIP invested £1.05 million for H.P. Cluster No. 2 – Raura (8MW).

Investment Details

On 3 March 2011, the Company acquired a 50 per cent interest in IHDC from GGIC, for an implied overall aggregate value of £25.7 million, in return for the issue of ordinary shares in IIP at IIP's then stated NAV per share.

IHDC is a company that develops, owns and operates small hydropower projects in India. IHDC has a proven track record and an established operating infrastructure capable of supporting the development and operation of further hydropower projects in India, with a number of offices across the country.

IHDC currently operates five fully operational projects, totalling approximately 58 MW of installed capacity. Four of these projects (Bhandardara Power I, Bhandardara Power II, and Darna in Maharashtra and Birshinghpur in Madhya Pradesh) were already operational as of 2011. In February, IHDC commissioned Sechi, a 4.5 MW hydropower plant; it's first in India's northern state of Himachal Pradesh. IHDC is also in the final stages of completion of construction work at Panwi, a 4 MW hydropower plant again in Himachal Pradesh; with commissioning expected in the fourth quarter of 2012. With capacity enhancements being implemented, IHDC's other projects under construction/development total an approximate 25 MW in installed capacity. In addition, IHDC has a pipeline of identified projects for future development.

Maharashtra

Vaitarna: IIP invested approximately £300,000 of equity into IHDC's Vaitarna project early in 2012 to fund the development and construction of Vaitarna, a 3 MW hydropower project in Maharashtra. The project is currently in the process of tying up debt funding from lenders. The Vaitarna project is located close to IHDC's three existing plants – Bhandardara I, II & Darna in the state of Maharashtra.

Bhandardara I: The Bhandardara Power House 1 continues to operate efficiently. During 2011, the project produced 50 GWh of electricity (as compared with a Design Energy of 36 GWh), operating at a PLF of approximately 48 per cent. The annual production was approximately 43 per cent higher than the previous year due to excellent monsoon flows. IHDC expects that once the control of irrigation shifts from the dam at Lake Arthur Hill to the new Nilwande dam which is currently under construction, the annual production from Bhandardara I will significantly increase.

Bhandardara II: The Bhandardara Power House II is a peaking plant and produced 53 GWh of electricity during 2011, up 13 per cent from 2010. The project operated as expected and no noteworthy issues were reported.

Darna: The production from the Darna project during FY 2011-2012 was approximately 14.2 GWh, which was lower than expected. IHDC expects that production from the project will significantly improve once the construction of three upstream irrigation dam projects are completed.

Madhya Pradesh

Birsinghpur: The Birsinghpur project located on the cooling water return canal in the Sanjay Gandhi Thermal Power Station in Madhya Pradesh produced 14.2 GWh in 2011, approximately 4 per cent higher than the previous year. No problems were reported and the project is expected to continue to operate smoothly in the upcoming year.

Himachal Pradesh

H.P. Cluster No. 1

Sechi: IHDC commissioned Sechi, a 4.5 MW hydropower project in February 2012. The plant is situated in Himachal Pradesh, an Indian State in the north of the country. IHDC has entered into a long-term PPA with the Himachal Pradesh State Electricity Board ("**HPSEB**") at the HPERC approved rate of INR 2.50 per KWh. This rate has been further increased to INR 2.78 per KWh. Sechi is fed by snowmelt and annual monsoon flows, and is expected to generate on average approximately 25 GWh annually.

Panwi: IHDC is currently in the final stages of completing the construction work at Panwi, a 4 MW hydropower plant again in Himachal Pradesh. The crucial tunnelling work is finished and the project is expected to commission in the fourth quarter of 2012. Production from the project is expected to be sold under a long-term PPA to the HPSEB at rates approved by the state electricity regulatory commission.

Melan: The Melan project is a 4.5 MW small hydropower project located on a tributary of the Satluj river in Himachal Pradesh and is fed by snowmelt and annual monsoon flows. Based on technical studies, IHDC has determined that the capacity of this project can be enhanced to approximately 8 MW. Upon completion of the necessary documentation and required approvals for the enhanced capacity construction can commence in 2013. While continuing to develop the project for the enhanced capacity, IHDC is also evaluating an option to sell the development rights to this project.

H.P. Cluster No. 2

Raura: IHDC is currently in the process of finalizing non-recourse project debt and commencing construction of Raura, an 8 MW greenfield run-of-the-river hydropower plant in Himachal Pradesh. Project parameters observed for Raura justify implementing a higher capacity (15 MW) and IHDC is in the process of incorporating the ability to implement the enhanced capacity at the project site.

In May 2012 (post period-end), IIP invested £1.05 million into IHDC for development and construction of the Raura project. This equity contribution will be used for land acquisition, final engineering design, contractor advances and construction. The total anticipated equity investment required for Raura (at 8MW) is approximately £3 million, of which the remaining amounts will be met out of internal accruals from existing operating plant cash flows. It is anticipated that the construction will begin in 2012, with completion expected in 2015.

Valuation

The IHDC portfolio is valued using the Company's stated valuation methodology, but by using a composite risk premium of 3.66 per cent computed by using a MW based weighted average of risk premiums of individual assets related to their stage of operation. A 2 per cent risk premium was used for the Bhandardara I, II and Birsinghpur projects, the "ramp-up" risk premium of 4 per cent was used for the Darna and Sechi project, and a "construction phase" risk premium for Panwi and Vaitarna. To account for the inherent risks associated with upsizing two construction projects, a higher risk premium of 8 per cent was used for Melan and Raura. The value for the IHDC investment as at 31 March 2012 is £25.41 million (31 March 2011: £25.7 million, 30 September 2011, £24.8 million), valuing Melan and Raura at capacities of 4.5 MW and 8 MW, respectively. While the currency devaluation and change in the risk free rate had a negative effect on the valuation, an adjustment to the risk premia to account for COD at Sechi and construction at Vaitarna had a positive off-setting impact, thereby keeping the valuation relatively unchanged

Indian Energy Limited ("IEL")

Summary

Description:	An independent power producer focused on wind farms, with 41.3MW production capacity over two operating wind farms.	
Promoter:	IIP	
Date of Investment:	21 September 2011	31 October 2011
Amount of Investment:	£10.57 million (implied value)	£0.6 million
Aggregate Percentage Interest:	100%	100%
Valuation as at 31 March 2012:	£11.81 million	
Project Debt: Equity Ratio (based on construction costs):	60:40	

Key Highlights:

- Reduction on interest burden costs to 13.75 per cent
- Signed Framework Agreement for 1,000 MW of wind projects
- Revenue increased by 19 per cent to £4.11 million (*2011: £3.43 million*)
- EBITDA profit (before exceptional items) increased by 408 per cent to £2.70 million (*2011: £0.66 million*)
- NOPAT (before exceptional items) positive at £0.19 million (*2011: negative of £1.14 million*)

Investment Details

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

IEL, previously an AIM-listed company, is an independent power producer focused on owning and operating wind farms in India. It currently operates 41.3 MW across two wind farms in the states of Karnataka and Tamil Nadu.

As part of the Company's expansion plans, it has entered in to a framework agreement with Trishe Developers Private Limited ("**Trishe**") for the development and acquisition of up to 1,000 MW of wind farms in India. The agreement provides for Trishe to undertake the development of the projects, which IEL will acquire once certain critical milestones have been reached. The wind turbines will be supplied by various manufacturers, with each project utilising the most appropriate turbine technology for the project site. As a result of the framework agreement, IEL has entered in to a Letter of Intent with Trishe for the acquisition of a wind farm project with up to 200 MW of capacity being developed by Trishe in Tamil Nadu.

Project Information

Gadag

The Gadag Project is a 24.8 MW wind farm situated in Karnataka, now in its third full year of operation. The power generated at Gadag is sold to the Bangalore Electricity Supply Company under a 20-year power purchase agreement at Rs. 3.40 per kWh for the first 10 years. IEL expects that at the end of the 10-year period, the then current tariff order from the Karnataka Electricity Regulatory Commission will apply, and is anticipates it to be higher to reflect inflation in the first 10 years.

The Gadag Project is registered as a Clean Development Mechanism under the Kyoto Protocol and is earning CERs. CERs have been forward sold to Standard Bank plc at a price of €11.50 per CER for the period to 31 December 2012 and €8.50 per CER for the period 1 January 2013 to 31 December 2016. CERs have been issued by the UNFCCC for the generation at the project up to 31 March 2011. IEL successfully completed the Monitoring & Verification of 36,890 CERs from the Gadag project for the period to 31 December 2011.

Theni

The Theni Project, a 16.5 MW wind farm, was fully commissioned on 13 August 2010 and has completed its first full financial year of operation.

The power from the Theni Project is being sold to the Tamil Nadu Electricity Board under a 20-year power purchase agreement at Rs. 3.39 per kWh. The project is also approved under the Generation Based Incentive scheme introduced by the Government of India and as a result earns additional revenue of Rs. 0.50 per kWh.

In the reporting period, issues relating to the availability of the grid of the Tamil Nadu Electricity Board ("**TNEB**") hampered Theni's ability to produce to its full potential. TNEB's grid availability has significantly improved in the 2012-2013 period. The project also experienced delays in receiving payment for power delivery to the Tamil Nadu State Distribution Company ("**TANGEDCO**"), which stemmed from TANGEDCO's continuing cash flow problems. To address this issue, in July 2012, IEL successfully converted the Theni wind farm to a group captive power project. The project is now providing power to four industrial customers at a gross tariff of INR 5.25 per kWh and IEL anticipates receiving payments within 45 days of invoicing.

The existing project debt is provided by State Bank of India with a floating interest rate linked to the bank's Base Rate. The two operating projects, Gadag and Theni, both have the applicable interest rate is 13.75 per cent (recently reduced by 0.50 per cent). Dividend restrictions involve financial covenants linked to the debt service coverage ratio (DSCR must be >1.30), minimum agreed cash reserves and a cash sweep of 50 per cent of the excess cash for prepayment of principal.

Valuation

As of 31 March 2012, the IEL assets were valued in accordance with the Company's stated valuation methodology by applying a 2.8 per cent composite risk premium above the risk free rate of 8.80 per cent. A risk premium of 2 per cent is utilised for Gadag as it has been operational for over two years while a 4 per cent risk premium is utilised for Theni since it is still in its 'ramp-up' phase of operation. The value so determined for the IEL assets is £11.81 million. This valuation is reflected in the Company Statement of Financial Position, in which the Company's investments in subsidiaries are shown at fair value. However, as IEL was a wholly owned subsidiary at that date, the Consolidated Statement of Financial Position includes a consolidation of IEL, as required by IFRS. Such a consolidation by definition does not incorporate the valuation of the investment.

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Company and Group for the year ended 31 March 2012.

Principal activity and incorporation

The Company is a closed-ended investment company, incorporated on the 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 maintained 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.

The consolidated financial statements comprise the results of the Company and its subsidiaries (together referred to as the "Group").

Results and dividends

The Group's and Parent Company's results for the year ended 31 March 2012 are set out in the Consolidated and Company 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 (2011: nil)

Directors

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

Tom Tribone	Chairman
Rupert Cottrell	Deputy Chairman (resigned 1 December 2011)
Rahul Sonny Lulla	Chief Executive
Timothy Walker	Non Executive Director and Audit Committee Chairman
Robert Venerus	Non Executive Director
Timothy Stocks	Non Executive Director
Madras Seshamani Ramachandran	Non Executive Director (appointed 1 December 2011)
Vikram Viswanath	Non Executive Director (appointed 17 October 2011)

Directors' interests in the shares of the Company are detailed in note 20.

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
22 August 2012

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 and Parent Company financial statements in accordance with International Financial Reporting Standards.

The Group and Parent Company financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and the Parent Company 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 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 and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time its financial. 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, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair view of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board

Sonny Lulla
Director
22 August 2012

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

We have audited the financial statements of Infrastructure India plc for the year ended 31 March 2012 which comprise the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Statements 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).

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 and Parent Company'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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2012 and of the Group's loss and Parent Company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2(e) to the financial statements concerning the Group's and the Parent Company's ability to continue as a going concern. As reported in the trading update on 19 July 2012, the Board concluded that the Group's and Company's cash resources were not sufficient to meet short term funding needs and that a fundraising exercise was necessary. A fundraising of approximately £41 million is now underway and a Subscription Agreement has been entered into with an affiliate of Guggenheim Global Infrastructure Company Limited ("**GGIC**") and a placing agreement will be entered into with Smith & Williamson Corporate Finance Limited and Investec Bank plc. In the Subscription Agreement, the obligations of GGIC including the underwriting of the entire share placing, are subject to a number of conditions and termination rights. In the opinion of the Directors, these are typical for a transaction of this nature. Accordingly the Directors consider that the fundraising will proceed and become unconditional and will not be terminated. On this basis, the Directors consider that the placing will raise the required approximate £41 million. The Directors have concluded, given a successful outcome to the fundraising, and following a review of the Group's cash flow forecasts for the eighteen month period to 30 September 2013, that there is a reasonable expectation that the Group and Company shall have adequate resources to continue in operational existence for the foreseeable future. This conclusion assumes that during such period selective asset disposals will be made.

If the placing does not raise the required funding, then in order to continue operations the Company/Group would be required to raise additional funds through alternative routes, the successful outcome of which cannot be assured.

The success of the fundraising is a material uncertainty, which may cast doubt on the Group's and Parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

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

Consolidated Statement of Comprehensive Income for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Sales revenue and other income		1,860	–
Cost of sales		(4,655)	–
Net trading loss		(2,795)	–
Interest income on bank balances		81	10
Movement in fair value on investments at fair value through profit or loss	13	(4,252)	10,820
Other income		163	
Gain on bargain purchase	19	1,905	–
Foreign exchange gain/(loss)		54	(1)
Asset management and valuation services	7	(2,815)	(154)
Other administration fees and expenses	6	(3,045)	(3,171)
Operating (loss)/profit		(10,704)	7,504
Finance costs	8	(2,091)	–
(Loss)/profit before taxation		(12,795)	7,504
Taxation	9	919	–
(Loss)/profit for the year		(11,876)	7,504
Other comprehensive income		(2,376)	–
Total comprehensive (loss)/ income		(14,252)	7,504
Basic and diluted (loss)/earnings per share (pence)	10	(6.5)p	15.4p

The Directors consider that all results derive from continuing activities.

The notes on pages 39 to 57 form an integral part of the financial statements.

Company Statement of Comprehensive Income for the year ended 31 March 2012

	Note	2012 £'000	Restated 2011 £'000
Income			
Interest income on bank balance		40	10
Interest income on intercompany loans	12.2	1,558	998
Fair value gains on investments at fair value through profit or loss	12.2	1,550	9,542
Total income		3,148	10,550
Expenses			
Finance costs	8	(172)	–
Other operating expenses	6	(2,010)	(3,045)
Foreign exchange gain/(loss)		58	(1)
Total expenses		(2,124)	(3,046)
Profit before taxation		1,024	7,504
Taxation	9	–	–
Profit for the year		1,024	7,504
Other comprehensive income		–	–
Total comprehensive income		1,024	7,504
Basic and diluted earnings per share (pence)	10	0.6p	15.4p

The Directors considers that all results derive from continuing activities.

The notes on pages 39 to 57 form an integral part of the financial statements.

Consolidated Statement of Financial Position at 31 March 2012

	Note	2012 £'000	2011 £'000
Non-current assets			
Investments at fair value through profit or loss	13	89,109	111,341
Other investments held at cost		146	–
Property plant and equipment	11	70,365	–
Goodwill from acquisition	19	81,199	–
Derivative financial assets		133	–
Deferred tax assets		600	–
Loan advances	14	3,679	–
Total non-current assets		245,231	111,341
Current assets			
Debtors and prepayments	15	2,543	10
Inventories		18	–
Derivative financial asset		261	–
Cash and cash equivalents	16	10,254	27,281
Total current assets		13,076	27,291
Total assets		258,307	138,632
Liabilities			
Current liabilities			
Trade and other payables	21	(6,016)	(623)
Tax liability		(81)	–
Loans and borrowings	22	(20,623)	–
Total current liabilities		(26,720)	(623)
Non-current liabilities			
Loans and borrowings	22	(39,524)	–
Total non-current liabilities		(39,524)	–
Total liabilities		(66,244)	(623)
Net assets		192,063	138,009
Equity			
Ordinary shares	17	2,188	1,506
Share premium	17	188,757	121,133
Translation reserve		(2,376)	–
Retained earnings		3,494	15,370
Total equity		192,063	138,009

The notes on pages 39 to 57 form an integral part of the financial statements.

Company Statement of Financial Position at 31 March 2012

	Note	2012 £'000	Restated 2011 £'000
Non-current assets			
Investments in subsidiaries and intercompany loans	12	216,694	111,163
Total non-current assets		216,694	111,163
Current assets			
Debtors and prepayments	15	28	4
Cash and cash equivalents	16	6,671	27,278
Total current assets		6,699	27,282
Total assets		223,393	138,445
Liabilities			
Current liabilities			
Trade and other payables	21	(439)	(436)
Loans and borrowings	22	(15,615)	–
Total current liabilities		(16,054)	(436)
Total liabilities		(16,054)	(436)
Net assets		207,339	138,009
Equity			
Ordinary shares	17	2,188	1,506
Share premium	17	188,757	121,133
Retained profit		16,394	15,370
Total equity		207,339	138,009

The notes on pages 39 to 57 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2012

	Note	Share capital £'000	Share premium £'000	Translation reserve £'000	Retained profit £'000	Total £'000
Balance at 1 April 2010		367	31,887	–	7,866	40,120
Total comprehensive income for the year						
Profit for the year		–	–	–	7,504	7,504
Total other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**–**	**7,504**	**7,504**
Contributions by and distributions to owners						
Issue of ordinary shares		1,139	92,860	–	–	93,999
Share issue costs		–	(3,614)	–	–	(3,614)
Total contributions by and distributions to owners of the Company		1,139	89,246	–	–	90,385
Balance at 31 March 2011		**1,506**	**121,133**	**–**	**15,370**	**138,009**
Balance at 1 April 2011		1,506	121,133	–	15,370	138,009
Total comprehensive income for the year						
Loss for the year		–	–	–	(11,876)	(11,876)
Total other comprehensive income		–	–	(2,376)	–	(2,376)
Total comprehensive income for the year		**–**	**–**	**(2,376)**	**(11,876)**	**(14,252)**
Contributions by and distributions to owners						
Issue of ordinary shares		682	68,196	–	–	68,878
Share issue costs		–	(572)	–	–	(572)
Total contributions by and distributions to owners of the Company		**682**	**67,624**	**–**	**–**	**68,306**
Balance at 31 March 2012		**2,188**	**188,757**	**(2,376)**	**3,494**	**192,063**

The notes on pages 39 to 57 form an integral part of the financial statements.

Company Statement of Changes in Equity for the year ended 31 March 2012

	Note	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 April 2010		367	31,887	(4,355)	27,899
Impact of change in accounting policy	2(f)	–	–	12,221	12,221
Restated balance at 1 April 2010		**367**	**31,887**	**7,866**	**40,120**
Total comprehensive income for the year:					
Profit for the year		–	–	7,504	7,504
Total comprehensive income for the year		**–**	**–**	**7,504**	**7,504**
Contributions by and distributions to owners					
Issue of ordinary shares		1,139	92,860	–	93,999
Share issue costs		–	(3,614)	–	(3,614)
Total contributions by and distributions to owners of the Company		**1,139**	**89,246**	**–**	**90,385**
Restated balance at 31 March 2011		**1,506**	**121,133**	**15,370**	**138,009**
Restated balance at 31 March 2011		1,506	121,133	15,370	138,009
Total comprehensive income for the year					
Profit for the year		–	–	1,024	1,024
Total comprehensive income for the year		**–**	**–**	**1,024**	**1,024**
Contributions by and distributions to owners					
Issue of ordinary shares		682	68,196	–	68,878
Share issue costs		–	(572)	–	(572)
Total contributions by and distributions to owners of the Company		**682**	**67,624**	**–**	**68,306**
Balance at 31 March 2012		**2,188**	**188,757**	**16,394**	**207,339**

The notes on pages 39 to 57 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
(Loss)/profit for the year		(12,795)	7,504
Adjustments:			
Depreciation	11	1,186	–
Interest income on bank balances		(81)	(10)
Fair value gains on investments at fair value through profit or loss	13	4,252	(10,820)
Other income		(163)	–
Foreign exchange (gain)/loss		(54)	1
Gain on bargain purchase	19	(1,905)	–
		(9,560)	(3,325)
Increase in creditors and accruals		177	(59)
Decrease in debtors and prepayments		450	28
Decrease in inventory		3	–
Tax paid		(37)	–
Net cash utilised by operating activities		**(8,967)**	**(3,356)**
Cash flows from investing activities			
Purchase of investments	13	(16,830)	(1,281)
Cash acquired on acquisition of subsidiaries	19	926	–
Purchase of property, plant and equipment	11	(727)	–
Loans and other advances		(4,488)	–
Sale of financial assets		684	–
Purchase of financial assets		(272)	–
Interest received		81	10
Cash utilised by investing activities		**(20,626)**	**(1,271)**
Cash flows from financing activities			
Proceeds from issue of shares (less share issue costs)		(572)	30,745
Loans received		21,900	–
Loans paid		(8,690)	–
Net cash generated from financing activities		**12,638**	**30,745**
(Decrease)/increase in cash and cash equivalents		**(16,955)**	**26,118**
Cash and cash equivalents at the beginning of the year		27,281	1,164
Effect of exchange rate fluctuations on cash held		(72)	(1)
Cash and cash equivalents at the end of the year		**10,254**	**27,281**

The notes on pages 39 to 57 form an integral part of the financial statements.

Company Statement of Cash Flows for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Profit for the year		1,024	7,504
Adjustments:			
Interest income on bank balances		(40)	(10)
Interest income on intercompany loans		(1,558)	(998)
Finance costs	8	172	–
Fair value gains on investments at fair value through profit or loss	12	(1,550)	(9,542)
Foreign exchange (gain)/loss		(58)	1
		(2,010)	(3,045)
Decrease in creditors and accruals		(169)	(155)
(Increase)/decrease in debtors and prepayments		(24)	7
Net cash utilised by operating activities		**(2,203)**	**(3,193)**
Cash flows from investing activities			
Net investment in subsidiaries	12	(33,545)	(1439)
Interest received		40	10
Cash utilised by investing activities		**(33,505)**	**(1,429)**
Cash flows from financing activities			
Proceeds from issue of shares (less share issue costs)		(572)	30,745
Loans received		15,615	–
Net cash generated from financing activities		**15,043**	**30,745**
(Decrease)/increase in cash and cash equivalents		**(20,665)**	**26,123**
Cash and cash equivalents at the beginning of the year		27,278	1,156
Effect of exchange rate fluctuations on cash held		58	(1)
Cash and cash equivalents at the end of the year		**6,671**	**27,278**

The notes on pages 39 to 57 form an integral part of the financial statements.

Notes to the Financial Statements for the year ended 31 March 2012

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. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issue by the Board of Directors on 22 August 2012.

(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 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.

(e) Going concern

As reported in the trading update of 19 July 2012, the Board has been considering current funding needs in order to secure the Group's and Company's (i) working capital position (approximately £4 million over the six month period from the date of the trading update); (ii) repayment of its existing term loan (approximately US$27 million, if repaid prior to 1 September 2012 (note 22)); (iii) the provision of further funding to Vikram Logistic & Maritime Services Private Limited for working capital purposes including the repayment of indebtedness as well as funding the pending acquisition of an integration plan for Freightstar; and (iv) the funding of the enlarged VLMS/Freightstar business plan (altogether estimated to be £15 million to £20 million). In light of this review, the Board reached the conclusion that the Group's and Company's cash resources were not sufficient to meet its short term funding requirements and, therefore, concluded it was necessary to undertake a fundraising exercise.

In conjunction with its professional advisors, the Board concluded that a fundraising of approximately £41 million before expenses by way of a share placing was required. As announced on 22 August 2012 this is now underway and a Subscription Agreement has been entered into with an affiliate of Guggenheim Global Infrastructure Company Limited ("**GGIC**") and a placing agreement will be entered into with Smith & Williamson Corporate Finance Limited and Investec Bank plc. Pursuant to the terms of the Subscription Agreement, GGIC has agreed, subject to (i) satisfaction of agreed conditions; and (ii) the non occurrence of termination events, to underwrite the entire share placing. As mentioned, whilst the underwriting commitment of GGIC is subject to conditions and termination events, these are, in the opinion of the Directors, typical in a transaction of this nature. Accordingly, the opinion of the Directors is that the fundraising will proceed to become unconditional, will not be terminated and will raise the required approximate £41 million.

On the basis of the success of the fundraising of approximately £41 million, before expenses, together with a review of group cash flow forecasts for the eighteen month period to 30 September 2013, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. This conclusion assumes that during such period selective asset disposal will be made. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.

(f) Change in accounting policy

Accounting for investment in subsidiaries

In 2012, the investment in subsidiaries by the Company are now categorised as at fair value through profit or loss in the Company statement of financial position. They are measured at fair value. Unrealised gains and losses arising from revaluation are taken to the profit or loss. In the prior, such investments were measured at cost. Accordingly, prior year Company figures have been restated. The Company's net assets for prior year have increased by £21.8 million as a result of the restatement.

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 the power to govern the financial and operating policies of a portfolio company so as to obtain benefits from its activities.

Vikram Logistic and Maritime Services Private Limited and Indian Energy Limited are consolidated. All other portfolio companies are carried at fair value. 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.

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 Company's right to receive payment has been established, normally the ex-dividend date.

Interest income is recognised using the effective interest method.

3.4 Expenses

All expenses are accrued for 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.

The income and expenses of foreign operations in hyperinflationary economies are translated to Sterling at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current year are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

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.

3.8 Investments

Investments of the Group where the Group does not have control are categorised as at fair value through profit or loss. They are measured at fair value. Unrealised gains and losses arising from revaluation are taken to the profit or loss.

Investments in entities over which the Group has control are consolidated in accordance with IAS 27.

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 Intangible assets – goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary or joint venture at the effective date of acquisition.

Goodwill on acquisition of subsidiaries and joint ventures is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment.

The gain or loss on disposal of subsidiaries and joint ventures is calculated by reference to the Group's share of net assets at the date of disposal including the attributable amount of any goodwill remaining.

3.10 Property, plant, and equipment

Property, plant, and equipment consist of fixtures, fittings and equipment, motor vehicles and work in progress are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost over the assets' estimated useful economic lives of 5 to 15 years. Depreciation expense is included within "cost of sale" in the profit or loss. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at least at each financial year-end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the profit or loss.

3.11 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.

3.12 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 and equity instruments are recorded at the proceeds received, net of issue costs.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 Interest expense

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

Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	**Effective date** (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (*June 2011*)	1 July 2012
IAS 19 Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects (*as amended in June 2011*)	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 *Separate Financial Statements* (*as amended in May 2011*)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 *Investments in Associates and Joint Ventures* (*as amended in May 2011*)	1 January 2013
IAS 32 Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (*December 2011*)	1 January 2014
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (*October 2010*)	1 July 2011
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (*December 2011*)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendments requiring disclosures about the initial applicable of IFRS 9 (*December 2011*)	1 January 2015
IFRS 9 Financial Instruments – Classification and measurement of financial assets (*as amended in December 2011*)	1 January 2015
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition (*as amended in December 2011*)	1 January 2015
IFRS 10 Consolidated Financial Statements (*May 2011*)	1 January 2013
IFRS 11 Joint Arrangements (*May 2011*)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (*May 2011*)	1 January 2013
IFRS 13 Fair Value Measurement (*May 2011*)	1 January 2013
IFRIC Interpretation	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

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 £202 million (2011: £111.3 million), representing the Group's investments in Indian Companies.

At 31 March 2012, had the exchange rate between the Indian Rupee and Sterling increased or decreased by 10 per cent with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £20.2 million (2011: £11.1 million).

(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 risk. All investments are in Indian infrastructure projects.

If the value of the Group's investment portfolio had increased by 5 per cent, the Group's net assets would have increased by £4.5 million (2011: £5.6 million). A decrease of 5 per cent 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 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 2012	**Less than 1 month £'000**	**1-3 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	–	–	–	–	–	89,109	89,109
Other investments held at cost	146	146					
Trade and prepayments	–	–	–	–	–	2,543	2,543
Loans and advances	–	–	–	–	–	3,679	3,679
Cash and cash equivalents	10,254	–	–	–	–	–	10,254
Derivative financial assets	–	–	–	–	–	394	394
Total financial assets	10,254	–	–	–	–	95,871	106,125
Financial liabilities							
Trade and other payables	–	–	–	–	–	6,016	6,016
Tax liability	–	–	–	–	–	81	81
Loans and borrowings	–	–	15,615	24,940	16,133	3,459	60,147
Total financial liabilities	–	–	15,615	24,940	16,133	9,556	66,244
Total interest rate sensitivity gap	10,524	–	(15,615)	(24,940)	(16,133)	–	–

31 March 2011	Less than 1 month £'000	1-3 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	–	–	–	–	–	111,341	111,341
Cash and cash equivalents	27,281	–	–	–	–	–	27,281
Prepayments	–	–	–	–	–	10	10
Total financial assets	27,281	–	–	–	–	111,351	138,632
Financial liabilities							
Trade and other payables	–	–	–	–	–	623	623
Total financial liabilities	–	–	–	–	–	623	623
Total interest rate sensitivity gap	27,281	–	–	–	–	–	–

(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 2012	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	–	–	6,016	–	–	–
Loans and borrowings	–	–	15,615	24,940	16,133	3,459
Total	–	–	21,631	24,940	16,133	3,459

31 March 2011	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	–	–	623	–	–	–
Total	–	–	623	–	–	–

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 Company's accounting policy on fair value measurements is discussed in accounting policy 3.8. The Company 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 Company determines fair values using valuation techniques.

The Group holds partial ownership interests in several unquoted Indian infrastructure companies. The Directors' valuations of these investments, as shown in note 13, are based on a discounted cash flow methodology, prepared by the Company's Asset Manager (Guggenheim Franklin Park Management), or at cost.

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 13)			
Shree Maheshwar Hydel Power Corporation Ltd	–	–	34,717
Western MP Infrastructure & Toll Road Pvt. Ltd	–	–	28,981
India Hydropower Development Company, LLC	–	–	25,411
	–	–	89,109

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	111,341
Reclassification of investment to subsidiary	(34,810)
Movement in fair value	(4,252)
Additional capital injected	16,830
Fair value at year end	89,109

If the determined discount rates were increased by 1 per cent per annum, the value of unlisted equity securities would fall by £5.0 million (2011: £5.0 million).

6. Other administration fees and expenses

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Audit fees*	67	53	47	53
Legal fees	475	1,189	475	1,189
Corporate advisory services	62	678	62	678
Public relations fees	68	60	68	60
Other consultancy fees	816	14	746	14
Employment costs	556	–	–	–
Other professional costs	223	501	–	501
Administration fees	106	132	86	100
Directors' fees (note 20)	282	410	282	410
Insurance costs	20	13	12	13
Other costs	370	121	232	7
	3,045	3,171	2,010	3,045

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

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

On 16 May 2012 the Company agreed revised management arrangements with Guggenheim Franklin Park Management, LLC (the "Asset Manager" or "GFPM") and Akur Partners LLP ("Akur"). Under the terms of the new arrangements, GFPM will be the exclusive provider of asset management and related services contracted to the Group, with an annual management fee of 2 per cent. of the value of the Group's assets from time to time which equates to the aggregate fees payable under the terms of the Management Services Agreement and the Valuation and Portfolio Services Agreement (both entered into in March 2011) for the current financial year and a reduction in the overall fees payable by the Group thereafter. All other material terms of the Management Services Agreement remain the same. Other service providers may be sub-contracted to the Asset Manager as needed and, pursuant to this, the Valuation and Portfolio Services Agreement between Akur and the Group has been acquired by the Asset Manager.

Under the previous Management Services Agreement which was agreed on 3 March 2011, GFPM is entitled to a management fee paid quarterly in arrears which of an annual amount equal to 0.5 per cent. of the value of the assets of the Group at that date (the "Existing Assets") and 1.5 per cent. of the value of assets subsequently acquired (the "New Assets"), for the first 24 months from that date and, thereafter, an annual amount equal to 2.0 per cent. of the Net Asset Value. Fees for the year ended 31 March 2012 were £2,815,000 (2011: £154,000). There were no performance fees paid during the year (2011: nil).

8. Finance costs

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Bank loan interest expense	1,919	–	–	–
Other loan interest expense	172	–	172	–
	2,091	–	172	–

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 per cent.

The Group is subject to income tax in Mauritius at the rate of 15 per cent 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 per cent of the Mauritian tax on their foreign source income. No provision has been made in the accounts due to the availability of tax losses.

The Indian subsidiaries are subject to Indian corporation tax on their taxable income at company basic domestic tax rate of 30 per cent. The deferred tax loss is a result of tax losses in Indian subsidiaries, VLMS and IEL. Based on projected cash flows and financial forecasts the Group is reasonably certain that there will be sufficient taxable profits in future to off-set these tax losses.

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Corporate income tax expense (refund)	**7**	–	–	–
Deferred tax (credit)/expense	**(926)**	–	–	–
	(919)	–	–	–
Reconciliation of tax (credit)/expense				
Loss before taxation	**(12,795)**	–	–	–
Losses arising in exempt companies	**6,924**	–	–	–
Net non-exempt losses	**(5,871)**	–	–	–
Theoretical taxation at the Indian corporate rate of 30.90% (2011 – 30.90%) and 21% (2011-21%) in UK	**(1,814)**	–	–	–
Disallowable expenses for taxation purposes	**607**	–	–	–
Tax rate and other adjustments	**288**	–	–	–
Tax (credit)/expense	**(919)**	–	–	–
Deferred tax asset/(liability) – net				
Differences arising from tax versus accounts depreciation	**(1,252)**	–	–	–
Tax losses carried forward	**1,293**	–	–	–
Other timing differences	**559**	–	–	–
	600	–	–	–
Analysis of the movement in deferred tax				
Deferred tax liability at acquisition of subsidiaries	**(311)**	–	–	–
Exchange differences	**(15)**	–	–	–
Deferred tax credit	**926**	–	–	–
Deferred tax asset/(liability) at the end of the year (net)	**600**	–	–	–

10. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2012 Group	2011 Group	2012 Company	2011 Company
(Loss)/profit attributable to shareholders (£ thousands)	(11,876)	7,504	1,024	7,504
Weighted average number of ordinary shares in issue (thousands)	182,449	48,663	182,449	48,663
Basic and diluted (loss)/ earnings per share (pence)	(6.5p)	15.4p	0.6p	15.4p

There is no difference between basic and diluted earnings per share.

11. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Fixtures and fittings £'000	Work in progress £'000	Total £'000
Balance at 1 April 2011	–	–	–	–	–	–	–
Acquired at acquisition	13,918	30,513	3,962	11	296	33,569	82,269
Additions	–	13	–	2	712	–	727
Reclassification	(11,404)	–	–	–	–	11,404	–
Disposals	–	(146)	(165)	(1)	(2)	–	(314)
Effect of movements in exchange rates	(563)	(1,126)	(304)	(1)	(23)	(2,583)	(4,600)
Balance at 31 March 2012	**1,951**	**29,254**	**3,493**	**11**	**983**	**42,390**	**78,082**
Depreciation							
Balance at 1 April 2011	–	–	–	–	–	–	–
Acquired at acquisition	20	4,699	2,095	3	250	–	7,067
Disposals	–	(49)	(167)	–	(4)	–	(220)
Depreciation for the year	8	784	343	1	50	–	1,186
Effect of movements in exchange rates	1	(273)	(40)	(1)	(3)	–	(316)
Balance at 31 March 2012	**29**	**5,161**	**2,231**	**3**	**293**	**–**	**7,717**
Carrying amounts							
At 1 April 2011	–	–	–	–	–	–	–
At 31 March 2012	**1,922**	**24,093**	**1,262**	**8**	**690**	**42,390**	**70,365**

Work in progress comprises capital advances for land development which are unsecured, interest free and have no repayment dates.

12. Investments in subsidiaries

12.1 The subsidiaries

Since incorporation, for efficient portfolio management purposes, the Company has established or acquired the following subsidiary companies:

Subsidiaries	Country of incorporation	Ownership interest
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Roads Infrastructure India	Mauritius	100%
Power Infrastructure India (Two) (previously Roads Infrastructure India (Two))	Mauritius	100%
Distribution and Logistics Infrastructure India	Mauritius	100%
Indian Energy	Guernsey	100%
Indian Energy Mauritius	Mauritius	100%
Indian Energy Management	United Kingdom	100%
Belgaum Wind Farms Pvt	India	100%
iEnergy Wind Farms (Theni) Pvt	India	100%
iEnergy Renewables Pvt	India	100%
Vikram Logistic and Maritime Services Private Limited	India	99.9%
Franklin Park Investments LLC	Delaware USA	100%

12.2 Investments in subsidiaries at fair value through profit or loss

The subsidiaries of Infrastructure India plc and the loans to the subsidiaries are recorded at fair value in the financial statements of the Company.

	2012 £'000	2011 £'000
Balance brought forward	111,163	27,323
Effect of change in accounting policy	–	12,221
Restated balance brought forward	111,163	39,544
Acquisition of investments in subsidiaries*	69,878	59,640
Net movement in intercompany loans	32,545	1,439
Interest income on intercompany loans	1,558	998
Movement in fair value of investments in subsidiaries	1,550	9,542
Balance carried forward	**216,694**	**111,163**

* On 21 September 2011, the Company obtained 100 per cent control of Indian Energy Limited ("IEL"), an independent power producer focused on wind farms in India which currently owns and operates 41.3 MW across two wind farms and On 17 October 2011, the Company made a 62.6 per cent further acquisition of shares in VLMS (see notes 17 and 19).

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

At 31 March 2012, the Group held three investments in unlisted equity securities. All the investments are held by the Company's wholly owned subsidiaries in Mauritius.

The investments are recorded at fair value as follows:

	SMHPCL £'000	WMPITRL £'000	VLMS £'000	IHDC £'000	Total £'000
Year ended 31 March 2012					
Fair value brought forward	21,380	29,400	34,810	25,751	111,341
Additional capital invested	16,500	–	–	330	16,830
Reclassified to subsidiary	–	–	(34,810)	–	(34,810)
Fair value adjustment	(3,163)	(419)	–	(670)	(4,252)
Balance as at 31 March 2012	34,717	28,981	–	25,411	89,109
Year ended 31 March 2011					
Fair value brought forward	17,400	22,200	–	–	39,600
Additional capital invested	–	360	–	–	360
Investments acquired in the year	–	–	34,810	25,751	60,561
Fair value adjustment	3,980	6,840	–	–	10,820
Balance as at 31 March 2011	21,380	29,400	34,810	25,751	111,341

(i) Shree Maheshwar Hydel Power Corporation Ltd ("SMHPCL")

(ii) Western MP Infrastructure and Toll Road Pvt Ltd ("WMPITRL")

(iii) Vikram Logistic and Maritime Services Private Limited ("VLMS")

(iv) India Hydropower Development Company LLC ("IHDC")

A further investment of £16.5 million was made on the 5 September 2011 into SMHPCL being the Company's second investment in this entity. With this additional investment, the Group's aggregate equity interest in SMHPCL amounts to approximately 17.7 per cent. (Approximately 7.9 per cent. on a fully diluted basis). An additional capital injection was also made in IHDC on 2 February 2012 for INR 30,000,000 (£330,000).

SMHPCL, WMPITRL and IHDC have been fair valued by the Directors as at 31 March 2012 using discounted cash flow techniques, as described in note 5. The discount rate adopted for both investments is the risk free rate (based on the Indian government 9-10 year bond yields) plus a risk premium of 4 per cent for WMPITRL, 6 per cent for SMHPCL and 3.66 per cent for IHDC. The fair values include an estimate of the costs which may be incurred upon the disposal of the investments.

14. Loan advances

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
ETA Engineering Private Limited	1,891	–	–	–
Staff loans	306	–	–	–
Other	1,482	–	–	–
	3,679	–	–	–

The loans are interest free with no fixed repayment period and are repayable on demand. Post the period end, the Group advanced approximately £2.8 million to ETA being advance purchase consideration.

15. Debtors and prepayments

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Trade debtors	2,526	–	11	–
Prepayments	3	10	3	4
VAT control	14	–	14	–
	2,543	10	28	4

16. Cash and cash equivalents

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Cash held with banks (unrestricted)	9,371	27,281	6,671	27,278
Cash held with banks (restricted)	883	–	–	–
	10,254	27,281	6,671	27,278

17. Share capital

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2011	150,597,984	1,506	121,133
Issued during the year	68,162,898	682	67,624
Balance at 31 March 2012	218,760,882	2,188	188,757

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

On 21 September 2011, the Company obtained 100 per cent control of IEL, an independent power producer focused on wind farms in India which currently owns and operates 41.3 MW across two wind farms (see note 17). The Company issued 9,848,988 new ordinary shares of 1p each to shareholders of IEL as consideration. In addition, it issued a further 3,324,917 new ordinary shares to a former shareholder of IEL to redeem a shareholder loan to IEL. This increased the number of issued ordinary shares from 150,597,984 to 163,771,889.

On 17 October 2011, the Company made a further acquisition of shares in VLMS. Previously the Group had an interest in approximately 37.39 per cent of the issued share capital of VLMS, but following such acquisition, the Group holds approximately 99.99 per cent. The Company issued 54,988,993 new ordinary shares with a value of £58,288,333 (at an implied value of £1.06 per share) to certain shareholders of VLMS as consideration.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Group's affairs to achieve shareholder returns through capital growth and income.

Group capital comprises share capital and reserves.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

18. Warrants

7,340,000 warrants were issued pursuant to the initial placing in June 2008 (one warrant for every five ordinary shares issued). The warrants entitle the holder to subscribe for one Ordinary Share of one penny in the Company at any time in the five years from the initial placing, at an exercise price of £1 each.

Indian Energy Limited has in issue Placing Warrants (the “Warrants”) exercisable at 125p. The final exercise period of the Warrants is the period 28 days from publication of IEL’s financial statements for the financial year ending 31 March 2012.

19. Acquisition of subsidiaries

Acquisition of Indian Energy Limited and its subsidiaries

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

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

	£’000
Property, plant and equipment	26,132
Intangible assets	672
Trade and other receivables	2,776
Deferred tax assets	418
Derivative financial asset	294
Cash and cash equivalents	904
Trade and other payables	(1,312)
Loans and borrowings	(17,263)
Current tax liabilities	(126)
Total net identifiable assets	**12,495**

Gain on bargain purchase has been recognised as a result of the acquisition as follows:

	£’000
Total consideration transferred	10,590
Fair value of identifiable assets	(12,495)
Gain on bargain purchase	**1,905**

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

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

Acquisition of VLMS and its subsidiaries

On 17 October 2011, the Company announced the completion of the acquisition of VLMS.

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

	£'000
Property, plant and equipment	49,070
Inventories	21
Trade and other receivables	2,012
Loans and advances	1,074
Cash and cash equivalents	22
Long term loans	(33,687)
Deferred tax liabilities	(729)
Trade and other payables	(4,679)
Provisions	(48)
Total net identifiable assets	**13,056**

Goodwill was recognised as a result of the acquisition as follows:

	£'000
Total consideration transferred (shares issued)	94,255
Fair value of identifiable assets	(13,056)
Goodwill on acquisition	81,199

There is no impairment of goodwill in VLMS. The recoverable amount of the goodwill was determined as the fair value less costs to sell. VLMS has been fair valued by the Directors as at 31 March 2012 using discounted cash flow techniques, as described in note 5. The discount rate adopted is the risk free rate (based on the Indian government 9-10 year bond yields) plus a risk premium of 7 per cent. The fair values include an estimate of the costs which may be incurred upon the disposal of the investments. The fair value of VLMS was determined to be £112,018,000 as at 31 March 2012.

20. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2012.

	2012	2011	
Vikram Viswanath	42,488,993	–	Ordinary Shares
Timothy Walker	51,364	51,364	Ordinary Shares

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

	2012 £'000	2011 £'000
Rupert Cottrell (resigned 1 December 2011)	138	250
Timothy Walker	50	75
Madras Seshamani Ramachandran (from date of appointment, 1 December 2011)	16	–
Vikram Viswanath	28	–
Prodaman Sarwal (resigned 11 February 2011)	–	81
Tim Stocks	50	4
	282	410

Following completion of the acquisition of VLMS, the Board appointed Vikram Viswanath as a director of the Company, with effect from 17 October 2011. Mr Viswanath is the chairman and managing director of VLMS.

On 1 December 2011, the Board appointed Mr. M. S. Ramachandran as an independent non-executive director of the Company.

21. Trade and other payables

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
Trade payables	2,945	290	219	290
Accruals	2,982	333	220	146
Provisions	89	–	–	–
	6,016	623	439	436

22. Loans and borrowings

	2012 Group £'000	2011 Group £'000	2012 Company £'000	2011 Company £'000
IIP Bridge Funding LLC loan (i)	15,615	–	15,615	–
Bank loan to Belgaum Wind Farms Private Limited (ii)	8,510	–	–	–
Bank loan to iEnergy Wind Farms (Theni) Private Limited (iii)	7,623	–	–	–
Bank loans to Vikram Logistic & Maritime Services Private Limited (iv)	24,940	–	–	–
Other loans (v)	3,459	–	–	–
	60,147	**–**	**15,615**	**–**

The maturity borrowings is as follows:

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current liabilities	20,623	–	15,615	–
Non-current liabilities	39,524	–	–	–
	60,147	**–**	**15,615**	**–**

(i) The bridge loan is secured over the issued share capital of Infrastructure India Holding Company Limited and 49 per cent of the share capital of Indian Energy Limited. The loan is at an effective interest of 12 per cent and repayable on 17 February 2013.

(ii) The term loan is secured against mortgage of all immovable properties and hypothecation of all moveable/current assets of Belgaum Wind Farms Private Limited is at an effective interest rate of 12.78 per cent and repayable on 31 December 2021.

(iii) The term loan is secured against mortgage of all immovable properties and hypothecation of all moveable/current assets of iEnergy Wind Farms (Theni) Private Limited. The loan is at an effective interest rate of 12.54 per cent and repayable on 30 September 2023.

(iv) Secured by (i) A first mortgage and charge on Pari–Passu basis on all the immovable assets of the company (ii) Second charge on current assets of the Company (iii) Pledge of 51 per cent shares of VLMS held by IIP. Repayable in 30 quarterly instalments (ballooning/step-up mode) starting from third quarter of FY 2013-14.The above facility is secured by Irrevocable Personal Guarantee of the Promoter Director i.e. Mr. Vikram Viswanath.

(v) Other loans are various unsecured loans repayable on demand.

23. Commitments

VLMS is under a contractual obligation to acquire Freightstar for approximately £7 million, subject to a number of conditions being met. £4.7 million has been advanced between October 2011 and May 2012, leaving a balance of £2.3 million.

24. Related party transactions

Management services

As described in note 7, GFPM is party to a Management Services Agreement with the Company. GFPM is wholly owned by GGIC, a substantial shareholder in the Company since 3 March 2011. Furthermore, Tom Tribone, the Chairman of the Company since 3 March 2011 is the president and CEO of GGIC; Sonny Lulla and Robert Venerus, directors of the Company since 3 March 2011, are Senior Vice Presidents of GGIC. Fees payable to GFPM for the year ending 31 March 2012 £2,815,000 (2011: £154,000).

Secured loan facility

The Company entered into an agreement on 27 February 2012, with IIP Bridge Funding, LLC (the “Lender”), an affiliate of GGIC, for the provision of a US$25 million (approximately £15.9 million) secured loan facility (the “Loan”). The Loan is for a period of 12 months at an interest rate of 12 per cent. per annum for the first six months and 15 per cent. per annum for the second six months, payable quarterly in arrears. The Loan is repayable after 12 months. An arrangement fee of US$625,000 is payable, equivalent to 2.5 per cent. of the Loan.

Legal fees

Tim Stocks was appointed a Director of the Company on 3 March 2011. He is also a member of Taylor Wessing LLP who act as legal adviser to the Company. Legal fees paid to Taylor Wessing for year ended 31 March 2012 were £334,940 (2011: £8,000).

25. 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.

	2012 Group	2011 Group	2012 Company	2011 Company
Net assets (£’000)	192,063	138,009	207,339	138,009
Number of shares in issue (note 17)	218,760,882	150,597,984	218,760,882	150,597,984
NAV per share	£0.88	£0.92	£0.95	£0.92

26. Subsequent events

The Group invested £1.05 million in May 2012 in IHDC to fund its committed share of the equity requirement for construction of the 8 MW Raura project in the state of Himachal Pradesh.

On the 16 May 2012 the Company agreed to revise the management arrangements with GFPM and Akur Partners LLP (“Akur”). Under the terms of the new arrangements, GFPM is now the exclusive provider of asset management and related services contracted to the Group, with an annual management fee of 2 per cent. of the value of the Group’s assets from time to time which equates to the aggregate fees payable under the terms of the Management Services Agreement and the Valuation and Portfolio Services Agreement (both entered into in March 2011) for the current financial year and a reduction in the overall fees payable by the Group thereafter. All other material terms of the Management Services Agreement remain the same. Other service providers may be sub-contracted to the Asset Manager as needed and, pursuant to this, the Valuation and Portfolio Services Agreement between Akur and the Group has been acquired by the Asset Manager.

Post the period end, the Company provided a further £0.7 million to fund the working capital needs of VLMS. In addition, the IIP Group advanced approximately £2.8 million to ETA being advance purchase consideration.

Company Information

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Timothy Walker
Robert Venerus
Timothy Stocks
Madras Seshamani Ramachandran
Vikram Viswanath

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Philip Scales

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