Infrastructure India plc

Report & Accounts
For the year ended 31 March 2021

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JOINT STATEMENT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE

We are pleased to report Infrastructure India plc's ("IIP" or the "Company" and, together with its subsidiaries, the "Group") audited annual results for the year ended 31 March 2021.

Net asset value ("NAV") and net asset value per share decreased to £93.3 million and 13.7p, respectively as at 31 March 2021, compared to £104.3 million and 15.3p as at 30 September 2020 (£124.1 million and 18.2p as at 31 March 2020). The primary drivers of the movement in NAV were a devaluation of the Indian Rupee against Sterling and adjustments to the risk-free rate. As the Covid-19 pandemic persisted through the year and India experienced a devastating second wave of infections, the impact on both construction and operations at Distribution Logistics Infrastructure Limited ("DLI") resulted in revisions to business assumptions and completion schedules.

The fiscal year commenced in the midst of a complete national lockdown on non-essential activity, imposed by the Government of India on 24 March 2020, to slow the spread of Covid-19. For DLI, all construction activities at its terminals ceased and while some of its freight was classed as essential, movements of cargoes were initially negligible due to closures across the supply chain in India. The effect of an earlier lockdown in China, at the beginning of 2020, had already had a material impact on Indian container freight and container cycles.

In May 2020, Prime Minister Modi announced a stimulus package aimed at improving liquidity, particularly for small and medium enterprises, increasing demand as well as long-term reforms related to land and labour. Although welcome, the package was largely viewed as being more beneficial in the longer term. The Reserve Bank of India reduced the benchmark interest rate by 75 basis points and extended a moratorium on debt obligations by six months.

In June 2020, India commenced a phased reopening of economic activities and adopted a cluster containment strategy. Like other nations, India's cities and industrial centres were often the most affected regions. DLI's terminals were all located in Covid-19 hot spots and the restrictions in place hindered construction progress and regulatory approvals due to closures and backlogs at Government offices. There were – and continue to be – critical shortages of labour. Freight volumes, including export, import and bulk cargo, remained depressed and this resulted in aggressive discounting amongst operators in the logistics sector.

In an effort to provide fiscal stimulus to support investment and boost growth, the Government of India had also announced sweeping tax reforms with cuts to corporate tax with effect from fiscal year 2019-2020. For DLI in particular, the adoption of the new tax methodology is expected to materially improve long-term cash flows. The tax changes are also expected to benefit all of IIP's portfolio companies.

IIP's hydro assets performed as expected with some disruption to administrative functions and localised delays, but overall the impact of Covid-19 was reasonably limited throughout the reporting period, with all sites accessible and fully staffed. The impact at Indian Energy Limited ("IEL") was initially greater, with one wind farm project, Theni, which sells power under a Group Captive Scheme to manufacturing and retail customers, experiencing lower consumption of power particularly during lockdown. In response, IEL diversified its customer base.

The Indian economy contracted for the first time during fiscal year 2020-2021 by 7.3% as a direct result of Covid-19. This is expected to recover with IMF growth estimates of 9.5% in fiscal year 2021-2022. Container traffic is expected to have support from recovering growth in international trade and increased public and private investment in infrastructure including the continued progress of the Dedicated Freight Corridor and the Delhi-Mumbai Industrial Corridor.

Financial performance

The gross value of the Group's investments was £259.2 million as at 31 March 2021 (£254.4 million as at 30 September 2020; £262.0 million as at 31 March 2020). Currency exchange rates weakened at the end of the Company's financial year with GBP:INR exchange rate of 100.68 as at 31 March 2021, against 94.64 as at 30 September 2020 and 92.48 as at 31 March 2020. The risk-free rate of return, based on the benchmark Indian government 10-year bonds, increased slightly to 6.17% as at 31 March 2021 from 6.01% as at 30 September 2020 and 6.17% as at 31 March 2020.

Total investment during the year ended 31 March 2021 was £7.6 million, all of which was advanced by the Group to DLI to fund construction work, working capital and debt servicing obligations during the period.

Transport

DLI is a supply chain transportation and container infrastructure company and one of the largest private operators in its sector in India with a nationwide network of terminals and a quality road and rail transportation fleet. The pandemic has presented serious business obstacles during the fiscal year. The interruption to construction and terminal operations, alongside the wider sector difficulties such as port bottlenecks and imbalanced container cycles has been extremely challenging for the management team. In addition to the many operational issues they faced, the team undertook cost reductions and loan restructuring during the period.

Throughout the fiscal year, DLI sustained delays in construction and completion schedules, delays with regulatory approvals due to government bottlenecks and irregular and lumpy volumes as a result of 15 months of severe market turbulence. The most significant challenge for construction, particularly during the second wave of infections this year, was the reduced availability of labour.

In addition to Covid-19, the sector was impacted by increased border tension with China during the period. In June 2020, in the northern Himalayan Galwan Valley, there was a clash between military personnel. In response to the border conflict, both Indian and Chinese customs officials began holding up consignments from the respective countries and these actions created a backlog at the ports and airports and therefore more bottlenecks for logistics operators.

Activity and freight volumes during much of calendar year 2020 were erratic, with low capacity across most industrial sectors due to both lower demand and critical shortages of labour and raw materials. Bottlenecks at foreign ports, in particular China, as well as container cycles, including the relocation of empties, has also been extremely problematic for the sector.

Following India's phased reopening in 2020, the first calendar quarter of 2021 started well, with a rebound in consumer demand and an overall pick up in economic activity. However, a resurgence of Covid-19 hindered this recovery and although the disruption was less severe than 2020 due to localised and less stringent restrictions, the impact on demand and disrupted industrial activity – particularly due to a shortage of labour – was marked.

Work at the terminal in Bangalore was completed during the fiscal year, but customs approval remains outstanding due to current Government backlogs. Nagpur Phase II work received final regulatory clearance from Indian Railways in calendar Q4 2020, but market share has fluctuated due to aggressive discounting amongst other operators. To counter this, DLI has entered into strategic agreements with third party terminals.

Work in the NCR and at Chennai have been on hold due to local restrictions and construction activity at Chennai is expected to commence once financing is in place, as announced in August 2021.

The fiscal year has been overshadowed by the pandemic. DLI focused on optimising its cost base and restructured its loans with improved borrowing terms, including a moratorium on interest for 13 months from March 2021 and a moratorium on principal for 24 months from December 2020, as well as reductions in interest rate from 12% to 10%.

Energy

India Hydropower Development Company's ("IHDC") overall production was higher than the previous fiscal year largely as a result of the ramp up of production at Raura, with production of 42.8 GWh, up from 13.5 GWh in the prior year. Despite the Covid-19 pandemic, IHDC has been operating as expected with overall limited disturbance to operations, notwithstanding the periodic local lockdowns and various restrictions. There was some administrative disruption due to office closures and localised delays, such as the pace of replacement of defective runners at Raura, which were finally installed in August 2020. Construction access issues for the Melan project were resolved and IHDC renewed the required permits, although construction estimates have been revised given the continuing uncertainties with Covid-19.

Indian Energy Limited ("IEL") has two operating wind farms, Theni, in Tamil Nadu, and Gadag, in Karnataka, and overall energy production was marginally lower than the previous year as a result of lower wind speeds and lower consumption of power at Theni, which sells power under a Group Captive Scheme to manufacturing and retail customers, as a result of lockdowns. IEL has since been diversifying its customer base. Production at Theni was also impacted by the failure of three generators and slow repairs due to Covid restrictions. Despite the issues at Theni, IEL sold its production in full by the year end. In addition, IEL restructured its loans with interest rate reductions of 4.8% to 8.15% at Theni and a reduction of 3.9% to 8% at Gadag.

Shree Maheshwar Hydel Power Corporation Limited ("SMH") remains hampered by various legal issues, is currently lacking a valid PPA and there is also no visibility on the availability of completion financing, therefore it is impossible to prepare reasonable forecasts. Although IIP retains legal options to extract value for its investment, until further clarity emerges, it is assumed that SMH has no contribution to IIP's valuation.

Company liquidity and going concern

As at 31 March 2021, the Group had gross cash resources of £13.7 million. During the fiscal year and subsequent to the fiscal year end, DLI faced challenges that have led to delays in the progress of its capital projects, the most significant of which was the reduced availability of labour. The use of capital funds for the operational and financial support of DLI during 2020 and 2021 has resulted in liquidity constraints for the Group. As at 31 October 2021, the Group had unaudited cash and cash equivalents available of approximately £0.5 million and approximately US$1.2 million (£0.9 million) of cash receivables. This position amounted to approximately 2 to 3 months of runway. The Company's forecasts indicate that it does not have sufficient cash reserves to meet creditors as they fall due beyond January 2022. Accordingly, given the Company has significant liquidity problems and has limited cash reserves available to support the group's operations, a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern and the Company's auditor has issued a Qualified Opinion in respect of going concern.

The Board have been active in securing sources of financing to ensure the Group has adequate funding to continue to meet liabilities as they fall due. To realise funds within the short term, management are in advanced discussions with regard to the sale of IEL. The Group has received a Letter of Intent signed by a third party. While the sale will likely occur at a discount to the stated NAV, the proceeds will provide the Group with additional runway to pursue the monetisation of other assets, in particular through the partial or complete sale of DLI. Further announcements will be made as and when appropriate.

Financing

IIP has three fully drawn facilities: a term loan provided by IIP Bridge Facility LLC (the "Term Loan"), a working capital loan provided by GGIC, Ltd (the "Working Capital Loan") and a bridging loan provided by Cedar Valley Financial (the "Bridging Loan"). The Term Loan was arranged to provide sufficient capital to enable DLI to complete all of its facilities and provide additional working capital to the Group, but the Covid-19 pandemic, which has led to 16 months of restrictions – in particular, the crippling early lockdowns and displacement of labour – has had a substantial impact on DLI's completion plans.

The Term Loan was originally provided to IIP's wholly owned Mauritian subsidiary, Infrastructure India Holdco, in April 2019, in multiple tranches totalling US$105 million, of which US$7.5 million was used to repay the Bridging Loan, in accordance with its terms. The Term Loan is a secured four-year term loan. The loan carries an interest rate of 15% per annum and matures on 1 April 2023.

In April 2019, the Company also extended the maturity of the Working Capital Loan and extended and enlarged the Bridging Loan.

The Working Capital Loan was originally provided to the Company in April 2013 by GGIC in an amount of US$17 million and increased to US$21.5 million in September 2017. The Working Capital Loan carried an interest rate of 7.5% per annum on its principal amount. The Company and GGIC agreed to extend the maturity of the Working Capital Loan to 30 June 2023 and increase its interest rate to 15% per annum from 1 April 2019.

The unsecured Bridging Loan was originally provided to the Company in June 2017 by Cedar Valley Financial and was subsequently increased in multiple tranches to US$64.1 million in March 2019. The Bridging Loan carried an interest rate of 12.0% per annum on its principal. The Company and Cedar Valley Financial agreed to extend the maturity of the Bridging Loan which will now mature on 30 June 2023 and increase its interest rate to 15% per annum from 1 April 2019. The outstanding principal which includes some capitalised interest per the terms of the facility as at 31 March 2021 was US$78,427,837.

There remain challenges and uncertainties as a result of Covid-19 which are difficult to predict or quantify at both a company and sector level. As with previous periods during the Covid-19 pandemic, the Group has carried out sensitivity analysis to try to assess the implications of different scenarios on future cash flows. This includes a moderation in volumes and margins at DLI to reflect the potential continued impact of Covid-19 which, in that scenario, could result in a negative impact to valuation of approximately £6.4 million.

The Board will continue to update shareholders on discussions around the sale of IEL as well as other developments across IIP's portfolio of assets.

Tom Tribone & Sonny Lulla
December 2021

REVIEW OF INVESTMENTS

Distribution Logistics Infrastructure Private Limited ("DLI")

Description	Supply chain transportation and container infrastructure company with a large operational road and rail fleet; developing four large container terminals across India.		
Promoter	A subsidiary of IIP		
Date of investment	**Mar 2011**	**Oct 2011**	**Jan 2012 - Mar 2021**
Investment amount	£34.8 million	£58.4 million	£173.2 million
Aggregate percentage interest	37.4%	99.9%	99.9%
Investment during the period	£7.6 million		
Valuation as at 31 March 2021	**£227.0 million**		
Project debt outstanding as at 31 March 2021	£69.9 million		

Key developments

- The challenges faced by DLI during the fiscal year were largely pandemic-related. Lockdowns and other restrictions led to difficulties in availability of containers, vehicles, equipment and, in particular, labour. All of which resulted in delays to construction work. Regulatory approvals were also delayed due to Government backlogs.
- Despite the adversities, DLI was able to complete the majority of the construction work at Bangalore, including the Private Freight Terminal, and export-import operations are expected to commence before the end of the current fiscal year. Final regulatory clearance was also received for Nagpur Phase II work.
- DLI successfully restructured its existing debt at a lower rate of interest. Cost control measures ensured a positive EBITDA margin despite reduced industrial activity due to Covid-19.
- Subsequent to the fiscal year end, the Group commenced exploratory discussions with regard to the partial or complete sale of DLI.

Investment details

DLI is a supply chain transportation and container infrastructure company headquartered in Bangalore and Gurgaon with a material presence in central, northern and southern India. DLI provides a broad range of logistics services including rail freight, trucking, handling, customs clearing and bonded warehousing with terminals located in the strategic locations of Nagpur, Bangalore, Palwal (in the National Capital Region) and Chennai.

Developments

The variety and scale of restrictions to contain Covid-19 during the fiscal year resulted in weak and lumpy economic activity. Lockdowns imposed during the second wave of Covid-19 in India reversed the gradual recovery seen in Q1 of the calendar year. Global actions, including lockdowns, created a temporary but acute shortage of empty containers with reduced manpower at ports and additional waiting time for vessels magnifying the problem. Although there has been improvement in container cargo volumes, the cycle of empties has yet to fully recover.

Work at the terminal in Bangalore was completed, but customs approval remains outstanding due to current Government backlogs. Nagpur Phase II work received final regulatory clearance from Indian Railways in calendar Q4 2020, while work in the NCR and at Chennai have been on hold due to local restrictions and construction activity at Chennai is expected to commence once financing is in place, as announced in August 2021.

DLI faced considerable pricing pressure from other Container Train Operators during the period and the management team implemented several cost control measures. DLI continues to enjoy a dominant market presence in central India and has entered into strategic partnerships to cement its market leadership in the region. The team will focus on building a strong market position in the southern region with commencement of operations at Bangalore’s Private Freight Terminal towards the end of the fiscal year.

DLI successfully restructured its debt with existing lenders, reducing it’s interest rates by 200 basis points along with a moratorium on interest and on principal repayment.

The use of capital funds for the operational and financial support of DLI during 2020 and 2021 resulted in liquidity constraints for IIP. Subsequent to the period end, the Group commenced exploratory discussions with regard to the partial or complete sale of DLI and further announcements will be made as and when appropriate.

Valuation

DLI management undertook a detailed financial review of projections for the second half of the fiscal year ending March 2021. The valuation reflects revised business and construction assumptions and a moderation in volumes from the continued impact of Covid-19.

As at 31 March 2021, the NPV of future IIP cash flows for DLI using the above assumptions is £227 million (31 March 2020: £231 million) . When adjusted for debt from Holdco, the valuation is £208.4 million. Management maintained the use of a higher risk premium of 7% in addition to a risk free rate of 6.17% in light of the continued uncertainties surrounding the pandemic.

India Hydropower Development Company LLC (“IHDC”)

Description	IHDC develops, owns and operates small hydropower projects with seven fully operational plants (74 MW of installed capacity), and a further 13 MW of capacity under development or construction.		
Promoter	Dodson-Lindblom International Inc. (“DLZ”)		
Date of investment	**Mar 2011**	**Jan 2012**	**May 2012**
Investment amount	£25.7 million	£0.3 million	£1.1 million
Aggregate % interest	50%	50%	50%
Investment during the period	Nil		
Valuation as at 31 March 2021	**£20.7 million**		
Project debt outstanding as at 31 March 2021	£5.5 million		
Key developments			

- Overall generation from IHDC's projects was higher than the previous fiscal year largely as a result of the ramp-up of Raura project in Himachal Pradesh and higher generation at both Bhandardara projects in Maharashtra.
- Despite the pandemic, IHDC has been operating as expected with overall limited disturbance to operations, although PPA negotiations for Raura have been delayed.
- The Raura project is fully operational following the installation of replacement runners.

Investment details

The IHDC portfolio has installed capacity of approximately 74 MW across seven projects – Bhandardara Power House I (“BH-I”), Bhandardara Power House II (“BH-II”), Darna in Maharashtra; Birsinghpur in Madhya Pradesh; and Sechi, Panwi and Raura in Himachal Pradesh. IHDC has an additional 13 MW of capacity under development and construction.

Project update

Overall generation from IHDC's projects was 185.0 GWh in the fiscal year against 124.1 GWh during the previous year. The surge in production was largely a result of ramp-up of Raura project in Himachal Pradesh and increased generation at both Bhandardara projects in Maharashtra.

During the fiscal year, the replacement runners at Raura were installed and the project is fully operational. IHDC is currently selling the plant's power to Himachal Pradesh State Electricity Board, however, management is exploring options for a longer-term PPA with higher tariff rate and is also in discussion with private offtakers. At Melan, the management team has maintained the necessary permits with regulatory agencies to keep the project viable while construction estimates have been revised given the continuing uncertainties with Covid.

Generation at Birsinghpur was 32% higher year-on-year due to increased operations at the thermal power plant. The Darna plant also increased generation, by 22% year-on-year, with the completion of upstream irrigation dams. Siltation issues at Panwi have now been resolved following the construction of an upstream dam in early 2020.

Trading of Renewable Energy Certificates (REC) is currently on hold due to ongoing litigation, although this is expected to be temporary. REC's are still being accumulated on a monthly basis.

Valuation

The IHDC portfolio was valued in accordance with the Company's stated valuation methodology by using a composite risk premium of 3.02% over the risk free rate of 6.17%. The composite risk premium is computed using a MW-based weighted average of risk premia of individual assets related to their stage of operations.

The value for IHDC investments as at 31 March 2021 is £20.7 million (31 March 2020 £23.5 million). The factors which impacted the valuation are the operational delays in commissioning Melan, delays in income from REC's, movement in the risk-free rate and currency devaluation.

Indian Energy Limited ("IEL")

Description	An independent power producer with 41.3 MW installed capacity over two operating wind farms.	
Promoter	IIP	
Date of investment	**Sep 2011**	**Oct 2011 – Dec 2012**
Investment amount	£10.6 million	£0.9 million
Aggregate % interest	100%	100%
Investment during the period	Nil	
Valuation as at 31 March 2021	**£11.5 million**	
Project debt outstanding as at 31 March 2021	£5.8 million	
Key developments		

- Overall generation from IEL's two projects during the fiscal year was lower than the previous year.
- Both projects suffered low wind resources during the season and delays in repairs resulting from the imposition of Covid-19 lockdowns.
- Grid availability improved during the period due to measures taken by the state governments of Karnataka and Tamil Nadu, with most improvement seen at Gadag.
- Although generation and revenue declined, IEL reduced operating costs and restructured long term debt at both projects, with significant rate reductions (13% to 8.2% at Theni and 11.9% to 8.0% at Gadag), tenure extension and moratoriums.
- Subsequent to the fiscal year end, the Group is in advanced discussions with regard to the sale of IEL.

Investment details

IEL is an independent power producer that owns and operates wind farms, with installed capacity of 24.8 MW in Gadag and 16.5 MW in Theni - in the states of Karnataka and Tamil Nadu respectively.

Project update

Overall generation from IEL's two projects was 60.3 GWh during the fiscal year against 65.6 GWh during the previous year. Generation declined due to lower wind resource during the monsoon months of July and August as well as generator breakdowns at Theni and delays in repair and maintenance caused by the lockdowns and other Covid-19 restrictions. The management team focussed on tightening operating costs alongside repairing and upgrading the equipment at both projects to extend the life of the assets.

At the beginning of the fiscal year, Theni, which sells power under a Group Captive scheme to manufacturing and retail customers, saw lower consumption particularly during lockdowns. Theni immediately took steps to diversify its customer base. At Gadag, there were delays in generator maintenance caused by O&M service providers. The team has since taken proactive steps to minimise production losses resulting in better performance and machine availability. Despite these challenges, IEL sold its production in full by the year end.

IEL restructured long term debt at both projects. For Theni, IEL secured approval for restructuring of loans from the State Bank of India with a 4.8% reduction in the interest rate to 8.15% and a revised tenure from 24 months to 84 months, including a moratorium of 21 months. Subsequent to the fiscal year end at Gadag, the Bank of Baroda revised the interest rate from 11.9% to 8% and extended tenure by 24 months.

Subsequent to the period end, management entered discussions with regard to the sale of IEL in order for the Group to realise funds within the short term. The Group has received a Letter of Intent signed by a third party. While the sale will likely occur at a discount to the stated NAV, any proceeds from the expected sale would provide the Group with additional runway.

Valuation

Long term generation estimates have been revised to reflect the historical 10-year average values which are considered more realistic than adjusted values from wind resource studies.

Adjustments were made to account for the changes in the tariff rates, claims for liquidated damages, extension of life for both the projects including the expansion capital expenditure and salvage value, and restructuring of the debt.

The extension of asset life for both projects, savings in operating expenses and restructuring of debt were the principal drivers of IEL’s valuation. The NPV of future cash flows for IIP, after accounting for these adjustments, was £11.5 million as at 31 March 2021 (31 March 2020: £7.1 million).

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Group for the year ended 31 March 2021.

Principal activity and incorporation

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

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

Results and dividends

The Group's results for the year ended 31 March 2021 are set out in the Consolidated Statement of Comprehensive Income.

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

The Directors do not recommend the payment of a dividend (2020: nil).

Directors

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

Tom Tribone	Chairman
Rahul Sonny Lulla	Chief Executive
Robert Venerus	Non-Executive Director
Madras Seshamani Ramachandran	Non-Executive Director
Graham Smith (appointed on 21/04/2020)	Non-Executive Director

Directors' interests in the shares of the Company are detailed in note 18.

Company Secretary

The secretary of the Company during the year and to the date of this report was Grainne Devlin.

By Order of The Board

Sonny Lulla
Director
December 2021

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 and have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("EU").

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting 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 Company and Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Each of the Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- the director's report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

Sonny Lulla
Director
December 2021

Corporate Governance Statement

Introduction from the Chairman

The Board of Infrastructure India plc ("IIP") fully endorses the importance of good corporate governance and applies the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the "QCA Code"), which the Board believes to be the most appropriate recognised governance code for a company of the Company's size with shares admitted to trading on the AIM market of the London Stock Exchange. This is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Company with the framework to help ensure that a strong level of governance is maintained.

As Chairman, I am responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction for the Company.

Notwithstanding the Board's commitment to applying the QCA Code, we will not seek to comply with the QCA Code where strict compliance in the future would be contrary to the primary objective of delivering long-term value for IIP's shareholders and stakeholders. However, we do consider that following the QCA Code, and a framework of sound corporate governance and an ethical culture, is conducive to long-term value creation for IIP shareholders.

All members of the Board believe strongly in the importance of good corporate governance to assist in achieving objectives and in accountability to IIP's stakeholders. In the statements that follow, the Company explains its approach to governance in more detail.

QCA Code - Governance Principles

The QCA code is constructed around 10 broad principles of corporate governance. These principles are as follows:

Deliver Growth

1. Establish a strategy and business model which promote long term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Maintain a dynamic management framework

5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Build Trust

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Principle 1 Establish a strategy and business model which promote long-term value for shareholders

IIP is an AIM quoted closed end investment company investing in core economic infrastructure. It is the only AIM-traded investment company with exposure to both transport and energy assets in India.

The Company's Investment Strategy is as follows:

The Company will invest at the asset level or through specific holding companies (not by investing in other funds or in the equity of non-specific parent companies) in infrastructure projects in India. Such investments are to be focused on the broader sectors of;

- Energy – including assets involved in electricity generation, transmission and distribution; infrastructure assets related to oil and gas, service provision and transmission; renewable fuel production and renewable energy assets; and
- Transport – including investment in roads, rail, ports and airport assets, and associated transport interchanges and distribution hubs.

Additionally, the Company may make investments in other economic and social infrastructure sectors within India where opportunities arise and which the Board considers offer similar risk and return characteristics to those found within the energy and transport sectors.

In common with other investing companies in the sector, access to projects and valuable assets is competitive and challenging but the Board is confident of its ability and that of its investment manager, to continue to source attractive investment opportunities given close relationships with a number of companies and their management teams, and recognition of the Board's experience and strong network.

Status of the Company's Portfolio

Details of the Company's portfolio are contained on the Company's website at https://www.iiplc.com/portfolio/ and a full update of the investments including investment details, a description of investments, key developments and valuations are included in the Review of Investments above.

Principle 2 Seek to understand and meet shareholder needs and expectations

The Company is committed to engaging and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. All Board members have responsibility for shareholder liaison but queries are primarily delegated to the Company's Advisors in the first instance or the Company's CEO. Contact details for the Company's advisors are contained on the Company's website https://www.iiplc.com/contact/.

Copies of the annual and interim reports are sent to all shareholders and copies can be downloaded from the Company website https://www.iiplc.com/investor-relations/financial-reports/ alternatively, they are available on request by writing to the Company Secretary at 55 Athol Street, Douglas, Isle of Man IM1 1LA. Other Company information for shareholders is also available on the website.

The Company also engages with shareholders at its AGM in each year, which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action if and when necessary. The results of the AGM are subsequently announced via RNS and published on the Company's website. Feedback from, and engagement with, substantial shareholders has historically been successful in ensuring, for example, material transactions are suitably structured with shareholder considerations in mind.

The current strategy of financing and the restructuring of existing loans was communicated to investors via RNS in June and August 2021, details of which are available to view on the Company's website https://www.iiplc.com/news/regulatory-news/.

The company secretary is also available for shareholders to contact on matters of governance and investor relations.

Principle 3 Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Board is aware that engaging with IIP's stakeholders strengthens relationships, assists the Board in making better business decisions and ultimately promotes the long-term success of IIP. The group's stakeholders include shareholders, members of staff of investee companies and of Advisors and other service providers, suppliers, auditors, lenders, regulators, industry Bodies and the surrounding communities of where its investments are located.

The Board as a whole are responsible for reviewing and monitoring the parties contracted to the Company, including their service terms and conditions. The audit committee supports Board decisions by considering and monitoring the risks to the Company.

The Company's portfolio consists of Distribution Logistics Infrastructure Private Limited (DLI), Shree Maheshwar Hydel Power Corporation Limited, India Energy Limited and India Hydropower Development Company LLC (together the Portfolio).

The Board is regularly updated on wider stakeholder views and issues concerning the Portfolio both formally at Board meetings and informally through ad hoc updates. Representatives involved with the investment portfolio are invited to join Board meetings and provide a report to the Board. Engagement in this manner enables the Board to receive feedback and equips them to make decisions affecting the business.

The Board recognises the importance of its social responsibilities concerning its investment decisions. The Company has made investments in infrastructure projects that seek to make a contribution to the development of communities in which they are located.

As detailed in the Company's Admission document, a full analysis of the Company's social responsibility and ways to address issues was undertaken. The Admission Document (dated 11 February 2011) is available on the Company's website: https://www.iiplc.com/investor-relations/downloads/

The Board adheres to the Company's Corporate Social Responsibility policy, an extract of which is summarised as follows:

The Enlarged Group will ordinarily make investments in infrastructure projects that seek to make a contribution to the development of communities in which they are located. In planning its activities, the Board will give consideration to evaluating the social impact of proposed developments with a view to promoting where possible local employment and the delivery of other local benefits, and mitigating negative impacts to the extent possible. The Company intends to establish a community projects trust (the "Trust") and will contribute to the Trust up to 2 per cent. of the net realised gains derived from the re-financing of operational projects and of the net profit derived from any disposal of equity interests in operational projects. It is intended that the Trust will support community based education, training and employment initiatives designed to foster social inclusion in communities where the Group is active.

The Company is committed to continuing engagement with all stakeholders.

Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation.

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 interest rate risk.

Risk is monitored and assessed by the Audit Committee who aim to meet at least twice annually and are responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

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 and the key risk factors for the Company are contained in note 4 to the Financial Statements for the year ended 31 March 2021.

Principle 5 Maintain the board as a well-functioning, balanced team led by the chair.

The Board has five members, three of which are non-executive. Tim Walker resigned from the Board with effect from 31 March 2020 and was replaced by Graham Smith on 21 April 2020.

Tom Tribone is the Company's Chairman, Sonny Lulla is the Company's Chief Executive and Rob Venerus, Graham Smith and M.S. Ramachandran are the Company's three Non-Executive Directors. M.S. Ramachandran is considered an independent director. Graham Smith is also considered to be an independent director, notwithstanding the fact that FIM Capital Limited, of which he is Chief Executive Officer, provides administration and accounting services to the Company.

The Board is supported by an audit committee which is made up of two non-executive directors. Following the resignation of Tim Walker, one of the seats on the committee is vacant, the other member being M.S. Ramachandran. Whilst Graham Smith can support the Audit Committee, he is not eligible to fulfil the role of a committee member because of his position in FIM Capital Limited. The Company intends to appoint an additional Independent Non-Executive Director to the Board in due course, who will also serve on the Audit Committee. Until such time as the appointment is made, the Board as a whole will deal with matters normally reserved for the Audit Committee.

The Board receives detailed reports from FIM Capital Limited, the administrator and Company Secretary to the Company covering updates to relevant legalisation and rules to ensure they remain fully informed and able to make informed decisions.

All the Directors biographies are published on the Company's website and outlined below: https://www.iiplc.com/team/board-of-directors/

The Directors devote sufficient time to ensure the Company's affairs are managed as efficiently as possible. The Board aims to hold at least 4 meetings each year with further ad hoc meetings held as required. The Audit Committee intends to meet at least 2 times annually.

The Directors devote sufficient time to ensure the Company's affairs are managed as efficiently as possible. During the last financial year the Board met three times formally.The Audit Committee met once.

Board Meetings Attendance

Board Meetings	Date	R Venerus	T Tribone	S Lulla	MS Ramachandran	G Smith[1]
1	13.10.2020	X	X	X	X	X
2	17.12.2020	X	X	X	X	X
3	10.03.2021	X	X	X	X	X

Audit Committee Meetings Attendance

Board Meetings	Date	MS Ramachandran
1	13.10.2020	X

Principle 6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The Directors have extensive experience in infrastructure fund management and a strong track record of value creation.

The Board believes it has the correct balance of skills, reflecting a broad range of commercial and professional skills across geographies and industries that is necessary to ensure the Company is equipped to deliver its investment objective. Additionally, each Director has experience in public markets.

The Directors and their roles and key personnel are displayed on the Company's website https://www.iiplc.com/team/board-of-directors/ and a statement of the Directors responsibilities is also included in the Statement of Directors' Responsibilities.

[1] Appointed on 21 April 2020

The Directors receive an ad hoc guidance on certain matters concerning, for example, the AIM Rules for Companies from the Company's Nominated Adviser and Broker as well as receiving updates on the regulatory environment from FIM, who provide specialist fund administration services to a variety of closed ended funds and collective investment schemes.

The role and responsibilities of the Directors are set out in Statement of Directors' Responsibilities and the Terms of Reference of the Audit Committee are summarised at the foot of this document.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Principle 7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

Board evaluations will take place periodically, whereby Board members will be asked to complete and return an effectiveness questionnaire across a variety of criteria, then return these to the Company Secretary, who, where necessary, would seek clarification on any responses given. Responses will then be recorded anonymously to enable the Board to have open follow-up discussions on the aggregated evaluation data.

The criteria against which the Board complete periodic self-evaluations of performance will be based on externally determined guidelines appropriate to the composition of the Board and the Company's operation, including Board sub-committees. The scope of the self-evaluation exercise will be re-assessed in each instance to ensure appropriate depth and coverage of the Board's activities consistent with corporate best practice.

The Board effectiveness questionnaire underlying the board evaluation process assesses the composition, processes, behaviours and activities of the board through a range of criteria, including board size and independence, mix of skills (for example corporate governance, financial, industry and regulatory) and experience, and general corporate governance considerations in line with the QCA code.

All Board appointments have been made after consultation with advisers and with major shareholders in some cases. Detailed due diligence is carried out on all new potential board candidates. The Board will consider using external advisers to review and evaluate the effectiveness of the Board and Directors in future to supplement internal evaluation processes. Additionally, the Board will consider the need to undertake formal and periodic succession planning.

The Independent Directors have remained independent throughout their office, and due to the close-knit working environment and size of the Board, performance evaluations will be on an ongoing and ad-hoc basis to ensure that they are committed to the progress and success of the Company and that their contribution is effective.

When the Board wishes to complete a periodic evaluation process, the relevant materials and guidance in respect of this process, following current best practice at the time of the evaluation, is available from and provided by FIM.

Given the stage of the Company's maturity and its contracted external management, the responsibilities of a nomination committee are delegated to the Board, and there are no formal succession planning processes in place. The Board intends to keep this under review in the future.

Principle 8 Promote a corporate culture that is based on ethical values and behaviours.

The Corporate Governance Statement is detailed above. The Board is mindful that the tone and culture set by the Board will impact many aspects of the Company and the way that stakeholders behave and form views.

The Board welcomes the views of all stakeholders who can contact the Directors and / or the Company Secretary by email / telephone and ensures that the Company has the means to determine that ethical values and behaviours are met through the adoption of appropriate company-wide policies.

As stated earlier the Company has extensively considered its wider social responsibilities and the steps taken to actively address these. Details are contained in the Company's Admission Document, https://www.iiplc.com/investor-relations/downloads/ In particular, the Company will ordinarily make investments in infrastructure projects that seek to make a contribution to the development of communities in which they are located. In planning its activities the Board will give consideration to evaluating the social impact of proposed developments with a view to promoting where possible local employment and the delivery of other local benefits, and mitigating negative impacts to the extent possible.

The Company promotes and supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination. It is our policy to make every effort to provide a working environment free from bullying, harassment, intimidation and discrimination on the basis of disability, nationality, race, sex, sexual orientation, religion or belief.

The Company is also committed to being honest and fair in all its dealings with partners, contractors and suppliers. Procedures are in place to ensure that any form of bribery or improper behaviour is prevented from being conducted on the Company's behalf by investee companies, contractors and suppliers. The Company also closely guards its information entrusted to it by investee companies, contractors and suppliers, and seeks to ensure that it is never used improperly.

In order to comply with legislation or regulations aimed at the prevention of money laundering the Fund has adopted anti-money laundering and anti-bribery procedures.

Principle 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

A description of each board member and their experience, the role of the Audit Committee and that neither a Nomination or Remuneration Committee exists are displayed on the website at https://www.iiplc.com/team/board-of-directors/ .

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. In order to fulfil these obligations, the Board has delegated operations through arrangements with the Investment Adviser and Administrator.

The Company has not established nomination and remuneration committees 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.

The Chairman, is responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction.

The Chief Executive Officer has overall responsibility for managing the day to day operations of the Company and the Board as a whole is responsible for implementing the Company's strategy.

In addition to these, the Directors review and approve the following matters:

- Strategy and management
- Policies and procedures
- Financial reporting and controls
- Capital structure
- Contracts
- Shareholder documents / Press announcements
- Adherence to Corporate Governance and best practice procedures

Principle 10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company communicates with shareholders through the Annual Report and Financial statements, full-year and half-year announcements, the Annual General Meeting and investors can email the Directors and Company Secretary with any queries they may have.

The website includes information in relation to the outcome of shareholder voting under the regulatory news section pursuant to the AIM rules.

If a significant proportion of independent votes were to be cast against a resolution at any general meeting, the Board's policy would be to engage with the shareholders concerned in order to understand the reasons behind the voting results. Following this process, the Board would make an appropriate public statement via this website regarding any different action it has taken, or will take, as a result of the vote.

Historical information is available on the website:

The Company's financial reports for the last five years can be found here https://www.iiplc.com/investor-relations/financial-reports/

Notices of General Meetings of the Company for the last five years can be found here https://www.iiplc.com/investor-relations/downloads/

Committees

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, FIM has a number of internal control functions including a dedicated Compliance Officer who monitors compliance with all statutory and regulatory requirements.

As stated in Principle 5 above, the Company intends to appoint an additional Independent Non-Executive Director to the Board in due course, who will also serve on the Audit Committee. Until such time as the appointment is made, the Board as a whole will deal with matters normally reserved for the Audit Committee.

Remuneration Committee and Nomination Committee
As stated in principle 9, there is no Remuneration Committee or Nomination Company in existence.

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.

Details of the directors' remuneration can be found on note 18 to the Financial Statements for the year ended 31 March 2021 and the production of a remuneration committee report will be considered in the future.

Independent Auditor's Report to the Members of Infrastructure India Plc

Qualified Opinion

We have audited the financial statements of Infrastructure India Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated and parent company Statement of Comprehensive Income, the consolidated and parent company Statement of Financial Position, the consolidated and parent company Statement of Changes in Equity, the consolidated and parent company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section, 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 2021, and of the group's and parent company's results for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union;

Basis for Qualified Opinion

As disclosed in the Company liquidity section of the Joint Statement from the Chairman and the Chief Executive and also in Note 2(d) and Note 21, the Group faces significant liquidity problems and has limited cash reserves available to support the group's operations. As such, a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

We are aware that management are actively seeking to address this issue and are exploring options available to them in terms of securing additional financing and/or selling certain assets, such as the investment in IEL, to realise funds in the short term. Notwithstanding management's efforts we have been unable to obtain sufficient appropriate audit evidence to confirm that the going concern basis of accounting is appropriate.

Management have continued to prepare the financial statements on the going concern basis and no adjustments have been made to the financial statements in respect of this issue.

If the Group were unable to continue as a going concern, in our opinion there could be a significant and material reduction in the value of investments held at fair value through profit and loss. As described in the Key audit matters section of our report, the value of investments has been determined by reference to a fair value model which considers discounted future cash flows and assumes the group's operations will continue in operation for many years. If management are unable to secure sufficient funding to enable operations to continue then it could be deemed inappropriate to value investments based on future discounted cashflows and fair value may have to be determined by reference to the realisable value of the investments. It is not practicable to quantify the financial effects.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of investments at fair value

As described in accounting policy note 3.8, management have elected to value investments in subsidiaries at fair value through profit and loss. The fair value has been determined based on a valuation model as discussed in notes 5 and 13. The fair value model estimates the present fair value of the investments using a discounted cashflow analysis, based on assumptions about the future performance of the investments.

Fair value models that are based on discounted future cashflow analyses are inherently subjective and feature high estimation uncertainty. They are based on estimates and include, especially in light of the ongoing COVID-19 pandemic, risks and uncertainties relating to events occurring in the future. Consequently, the actual figures may differ from estimates and may have a significant impact on the valuations.

It is not always possible to test every assumption or substantiate the veracity or integrity of those assumptions in relation to forward-looking financial information.

Valuation of investments was determined to be a key audit matter as it represents 93.7% of total assets (278.0% of net assets), attracts a higher assessed risk of material misstatement and involves significant management judgement, including accounting estimates that have high estimation uncertainty.

Audit approach

Our approach to the audit of investments has been to appoint an independent auditor's expert, located in India where the group's operation activities are based, to undertake an independent review of the valuation of the portfolio companies of the group.

Audit procedures undertaken included:

- understanding of the various valuation methods used by management and analysing the reasonableness of the principal assumptions made for estimating the fair values and various other data used while arriving at the fair value measurement;
- assessing the valuation methodology and evaluating and challenging the reasonableness of the assumptions used, in particular those relating to forecast revenue growth and royalty rates;
- performing sensitivity analysis on the assumptions noted above and considering the adequacy of disclosures in respect of the investments;
- reviewing the appropriateness of management's basis to identify relevant business;
- evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the investment companies operate;
- evaluating the appropriateness of the assumptions applied to key inputs such as sales, operating costs, inflation and long-term growth rates;
- performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cashflows to evaluate the impact on the currently estimated headroom; and
- evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Key audit matter conclusion

In conjunction with the auditor's expert we have determined that the valuation models for DLI, IEL and IHDC (valued at £227.0m, £11.5m and £20.7m respectively) are, in all material respects, fairly presented and suitable for inclusion in these financial statements.

They are, however, subject to high estimation uncertainty and we draw your attention to the disclosures made in notes 5 and 13 and to the sensitivity analyses presented in note 13.

In respect of the high estimation uncertainty we note that the auditor's independent expert reported that, owing to the forward-looking nature of the projections and the lack of past performance history and financial information, they were unable to corroborate certain key unobservable inputs in the projections, such as expected start date of commercial operations (and associated delays owing to COVID-19), market size, market share, price points, forecast annual growth rates and EBITDA margins and operational efficiency estimates. These projections are based on management estimates and actual results could therefore differ materially from the amounts presented in the financial statements.

The auditor's independent expert also noted that management have determined the discount rate applicable to the projections on a 'build-up' basis by taking the market risk-free rate and applying a risk premium to reflect the execution risk associated with the timely implementation of the business plan.

The auditor's expert has considered an alternative method of calculating the discount rate using the cost of equity method (calculated using the capital asset pricing model). This model is considered to be more widely used and is determined by reference to factors associated with the business and industry in which the business operates. The auditor's expert has then recommended an additional specific risk premium for specific factors such as the non-operational nature of certain assets, the risk attaching to the projections and reliance on unobservable inputs.

DLI represents the largest component of the group at £227.0m (or 87.6% of the investments). Management's build-up discount rate for DLI is included at 13.17% which compares to the auditor's expert's cost of equity rate of 17.80%. Taking this, and all other observations and suggestions into account, the auditor's expert concluded that a fair value of DLI at 31st March 2021 on a going concern basis is £140.0m.

IHDC is valued in the financial statements at £20.7m. For IHDC management have used a discount rate of 9.18% compared to an auditor's expert cost of equity rate of 10.60%. Taking this, and all other observations and suggestions into account, the auditor's expert concluded that a fair value of IHDC at 31st March 2021 on a going concern basis is £13.1m.

IEL is valued in the financial statements at £11.5m. For IEL management have used a discount rate of 8.17% compared to an auditor's expert cost of equity rate of between 10.60% and 13.40% depending on the underlying component. Taking this, and all other observations and suggestions into account, the auditor's expert concluded that a fair value of IEL at 31st March 2021 on a going concern basis is £5.8m.

Selection of an appropriate discount rate is a subjective judgement estimate and we draw attention to the sensitivity analyses presented in note 13.

The realisation of the values assigned to the investments is dependent on future conditions and as such the actual value may differ materially from the amounts presented in the financial statements. Our opinion is not qualified in this respect.

Capability of the audit in detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience of the sector;
- we made specific requests of component auditors within the Group to determine their approach to detecting irregularities, including fraud and non-compliance with laws and regulations, and considered their findings as part of our approach;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including company law, taxation legislation, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with tax authorities, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement letter. 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

Baker Tilly Isle of Man LLC
Chartered Accountants
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Douglas
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IM99 1HP

December 2021

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Movement in fair value on investments in subsidiaries	11	-	-	(26,533)	(25,655)
Reversal of impairment provision on loans to Group companies	12	-	-	-	56,965
Movement in fair value on investments at fair value through profit or loss	13	(10,332)	50,794	-	-
Foreign exchange (loss)/gains		15,041	(5,756)	7,673	(3,356)
Asset management and valuation services	7	(5,960)	(5,552)	-	-
Other administration fees and expenses	6	(4,681)	(3,293)	(488)	(1,108)
Operating (loss)/profit		(5,932)	36,193	(19,348)	26,846
Dividend income		-	-	-	207
Finance income	12	-	-	620	1,228
Finance costs	8	(24,916)	(18,159)	(12,120)	(10,247)
(Loss)/profit before taxation		(30,848)	18,034	(30,848)	18,034
Taxation	9	-	-	-	-
(Loss)/profit for the year		**(30,848)**	**18,034**	**(30,848)**	**18,034**
Other comprehensive income		**-**	-	**-**	-
Total comprehensive (Loss)/profit		**(30,848)**	**18,034**	**(30,848)**	**18,034**
Basic and diluted (loss)/ earnings per share (pence)	10	**(4.52)p**	**2.64p**		

The Directors consider that all results derive from continuing activities.

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

Consolidated and Company Statement of Financial Position at 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-current assets					
Investments in subsidiaries	11	-	-	165,113	191,646
Loans to Group companies	12	-	-	13,501	12,861
Investments at fair value through profit or loss	13	259,236	262,001	-	-
Property Plant and Equipment	14	3,607	-	-	-
Total non-current assets		262,843	262,001	178,614	204,507
Current assets					
Debtors and prepayments		153	96	131	15
Cash and cash equivalents		13,656	38,257	229	956
Total current assets		13,809	38,353	360	971
Total assets		276,652	300,354	178,974	205,478
Current liabilities					
Trade and other payables	15	(1,713)	(1,831)	(114)	(214)
Current loans and borrowings	16	-	-	-	-
Total current liabilities		(1,713)	(1,831)	(114)	(214)
Long-term liabilities					
Long term loans & borrowings	16	(181,686)	(174,422)	(85,607)	(81,163)
Total long-term liabilities		(181,686)	(174,422)	(85,607)	(81,163)
Total liabilities		(183,399)	(176,253)	(85,721)	(81,377)
Net assets		**93,253**	**124,101**	**93,253**	**124,101**
Equity					
Ordinary share capital	17	6,821	6,821	6,821	6,821
Share premium	17	282,808	282,808	282,808	282,808
Retained earnings		(196,376)	(165,528)	(196,376)	(165,528)
Total equity		**93,253**	**124,101**	**93,253**	**124,101**

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

These financial statements were approved by the Board on December 2021 and signed on their behalf by

Sonny Lulla
Chief Executive

Graham Smith
Director

Consolidated and Company Statement of Changes in Equity for the year ended 31 March 2021

Group

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2019	6,803	282,787	(183,562)	106,028
Share issue	18	21	-	39
Total comprehensive income for the year				
Profit for the year	-	-	18,034	18,034
Total comprehensive income for the year	-	-	18,034	18,034
Balance at 31 March 2020	**6,821**	**282,808**	**(165,528)**	**124,101**
Balance at 1 April 2020	6,821	282,808	(165,528)	124,101
Total comprehensive loss for the year				
Loss for the year	-	-	(30,848)	(30,848)
Total comprehensive loss for the year	-	-	(30,848)	(30,848)
Balance at 31 March 2021	**6,821**	**282,808**	**(196,376)**	**93,253**

Company

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2019	6,803	282,787	(183,562)	106,028
Share issue	18	21	-	39
Total comprehensive income for the year				
Profit for the year	-	-	18,034	18,034
Total comprehensive income for the year	-	-	18,034	18,034
Balance at 31 March 2020	**6,821**	**282,808**	**(165,528)**	**124,101**
Balance at 1 April 2020	6,821	282,808	(165,528)	124,101
Total comprehensive loss for the year				
Loss for the year	-	-	(30,848)	(30,848)
Total comprehensive loss for the year	-	-	(30,848)	(30,848)
Balance at 31 March 2021	**6,821**	**282,808**	**(196,376)**	**93,253**

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

Consolidated and Company Statement of Cash Flows
for the year ended 31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
(Loss)/profit for the year		(30,848)	18,034	(30,848)	18,034
Adjustments:					
Movement in fair value on investments at fair value through profit or loss	13	10,332	(50,794)	-	-
Movement in fair value on investments in subsidiaries	11	-	-	26,533	25,655
Reversal of impairment provision on loans to Group companies		-	-	-	(56,965)
Finance costs	8	24,916	18,159	12,120	10,247
Finance income	12	-	-	(620)	(1,228)
Share based payment		-	39	-	39
Foreign exchange (gain)/loss		(15,041)	5,756	(7,673)	3,356
		(10,641)	(8,806)	(488)	(862)
(Decrease)/increase in trade and other payables		(57)	80	(116)	37
(Increase)/ decrease in debtors and prepayments		(118)	2	(100)	2
Net cash utilised by operating activities		(10,816)	(8,724)	(704)	(823)
Cash flows from investing activities					
Share redemption in subsidiary		-	-	-	1,138
Proceeds from loans received		-	82,848	-	4,898
Loans advanced to subsidiaries	12	-	-	(20)	-
Equity addition in subsidiaries		-	(31,831)	-	-
Purchase of investments	13	(7,567)	-	-	-
Purchase of fixed assets	14	(3,607)	-	-	-
Cash utilised by investing activities		(11,174)	51,017	(20)	6,036
Cash flows from financing activities					
Loans repaid		-	(5,781)	-	(5,781)
Net cash utilised by financing activities		-	(5,781)	-	(5,781)
(Decrease)/increase in cash and cash equivalents		**(21,990)**	**36,512**	**(724)**	**(568)**
Cash and cash equivalents at the beginning of the year		38,257	1,652	956	1,551
Effect of exchange rate fluctuations on cash held		(2,611)	93	(3)	(27)
Cash and cash equivalents at the end of the year		**13,656**	**38,257**	**229**	**956**

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

Notes to the Financial Statements for the year ended 31 March 2021

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 55 Athol 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.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on December 2021.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Going concern

In accordance with IAS1, management must assess the Group's ability to continue as a going concern and therefore must determine the Group's ability to meet liabilities and obligations as they fall due for a period of 12 months from the signing of the consolidated financial statements.

As at 31 March 2021, the Group had net assets of £93 million, consisting of £259 million investments, £13.7 million cash and cash equivalents and total liabilities of £183 million. Included within the liabilities is loan financing of £182 million which matures on 30 June 2023. This financing, most of which was arranged in April 2019, was provided with the view to enable DLI to complete its existing terminal facilities, meet other DLI lender requirements, and provide additional working capital to the Group.

During 2020 and 2021, DLI faced challenges that have led to delays in the progress of its capital projects, the most significant of which was the reduced availability of labour not helped by the COVID-19 pandemic. The Group faces a challenge regarding liquidity which has resulted from the use of capital funds for the operational and financial support of DLI during 2020 and 2021. As at 31 October 2021, the Group had unaudited cash and cash equivalents available of approximately £0.5 million and approximately US$1.2 million (£0.9 million) of cash receivables. This position amounted to approximately 2 to 3 months of runway for the Group. The Company's forecasts indicate that it does not have sufficient cash reserves to meet creditors as they fall due beyond January 2022.

The board have been active in securing sources of financing to ensure the Group has adequate funding to continue to meet liabilities as they fall due. To realise funds within the short term, management are in negotiations to sell IEL. The Group has received a letter of intent signed by a third party. While the sale will likely occur at a discount to the stated NAV, the Group will be provided additional runway to pursue the monetisation of other assets.

If successful, the sale of IEL will provide the Group with time to continue the pursuit of realising other assets. Specifically, the realisation of value from DLI through the partial or complete sale of the investment.

Providing the above sequence of events can occur as laid out, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

(e) Use of estimates and judgements

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

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

3. Summary of significant accounting policies

3.1 Basis of consolidation

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

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

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

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

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

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

3.2 Segment reporting

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

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

3.3 Income

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

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

3.4 Expenses

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

3.5 Taxation

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

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

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

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

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

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

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

3.6 Foreign currency transactions

Transactions and balances

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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

Foreign operations

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

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

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

3.7 Financial instruments

i. Initial recognition and measurement

The Group initially recognises financial assets and financial liabilities on the date in which it becomes a party to the contractual provisions of the instrument. Financial assets or financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Group classifies financial assets as measured at amortised cost or fair value if it meets both the following conditions;

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest.

A financial asset that meets the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI");

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Subsequent measurement of financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Subsequent measurement of financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including foreign exchange gains and losses, are recognised in the Consolidated Statement of Comprehensive Income.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Fair value measurement

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in a pricing transaction.

iv. Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

v. Impairment

Measurement of ECLs

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

vi. Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.8 Investments

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

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

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

3.9 Trade and other receivables

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

3.10 Financial liabilities and equity

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

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

Equity instruments are recorded at proceeds received net issue costs.

3.11 Provisions

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

3.12 Share issue costs

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

3.13 Dividend distribution

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

3.14 Cash and cash equivalents

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

3.15 Interest expense

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

3.16 Changes in accounting policies

The following standards, interpretations and amendments were adopted by the Group during the year:

- Amendments to IFRS 3: Definition of a business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 COVID – 19 Related Rent Concessions

The transition to these standards had no material impact on the Group.

Standards, amendments and interpretations to published standards not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, were in issue but not yet effective, and have not been early adopted by the Group:

- IFRS 17 Insurance Contracts (effective on or after 1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective on or after 1 January 2023) Reference to the Conceptual Framework – Amendments to IFRS 3 (effective on or after 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective on or after 1 January 2022)
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective on or after 1 January 2022)
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopted (effective on or after 1 January 2022)
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective on or after 1 January 2022)
- IAS 41 Agriculture – Taxation in fair value measurements (effective on or after 1 January 2022.

The Directors have reviewed the IFRS standards in issue which are effective for annual accounting years ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial statements of the Group.

4. Capital and financial risk management

Capital management

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

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

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

The following table summarises the capital of the Group:

	2021 £'000	2020 £'000
Long and short term loans and borrowings	181,686	174,422
Less: cash and cash equivalents	(13,656)	(38,257)
Net debt	168,030	136,165
Total equity	93,253	124,101
Total capital	**261,283**	**260,266**
Gearing ratio	**64.31%**	**52.32%**

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 £259.2 million (2020: £262.0 million), representing the Group's investments in Indian Companies. At 31 March 2021, had the exchange rate between the Indian Rupee and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £25.9 million (2020: £26.2 million). This exposure is unhedged.

Total liabilities denominated in US$ at the year-end amounted to £181.7 million (2020: £176.3 million), principally comprising loans and borrowings less cash and cash equivalents. At 31 March 2021, had the exchange rate between the US$ and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in total liabilities would amount to approximately £18.2 million (2020: £17.6 million). This exposure is unhedged.

(ii) Market price risk

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

If the value of the Group's investment portfolio had increased by 10%, the Group's net assets would have increased by £25.9 million (2020: £26.2 million). A decrease of 10% 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. Loans and borrowings attract fixed interest rates as detailed in note 16.

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 2021	Under 1 month £'000	1 month to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets						
Investments at fair value through profit or loss	-	-	-	-	259,236	259,236
Trade and prepayments	-	-	-	-	153	153
Cash and cash equivalents	13,656	-	-	-	-	13,656
Total financial assets	**13,656**	**-**	**-**	**-**	**259,389**	**273,045**
Financial liabilities						
Trade and other payables	-	-	-	-	(1,713)	(1,713)
Loans and borrowings	-	-	(181,686)	-	-	(181,686)
Total financial liabilities	**-**	**-**	**(181,686)**	**-**	**(1,713)**	**(183,399)**

31 March 2020	Under 1 month £'000	1 month to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Non-interest bearing £'000	Total £'000
Financial assets						
Investments at fair value through profit or loss	-	-	-	-	262,001	262,001
Trade and prepayments	-	-	-	-	96	96
Cash and cash equivalents	38,257	-	-	-	-	38,257
Total financial assets	**38,257**	**-**	**-**	**-**	**262,097**	**300,354**
Financial liabilities						
Trade and other payables	-	-	-	-	(1,831)	(1,831)
Loans and borrowings	-	-	(174,422)	-	-	(174,422)
Total financial liabilities	**-**	**-**	**(174,422)**	**-**	**(1,831)**	**(176,253)**

(b) Credit risk

Credit risk may arise from a borrower failing to make required payments on investments, cash balances and debtor balances. The amount of credit risk is equal to the amounts stated in the statement of financial position for each of these assets. All the cash balances are held with various Barclays bank accounts. The Standard & Poor's credit rating of Barclays Bank plc is A-1.

(c) Liquidity risk

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

Residual undiscounted contractual maturities of financial liabilities:

31 March 2021	Less than 1 month £'000	1 to 3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	No stated maturity £'000
Financial liabilities						
Trade and other payables	-	-	1,713	-	-	-
Loans and borrowings	-	-	-	181,686	-	-
Total	**-**	**-**	**1,713**	**181,686**	**-**	**-**

31 March 2020	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	No stated maturity
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities						
Trade and other payables	-	-	1,831	-	-	-
Loans and borrowings	-	-	-	174,422	-	-
Total	**-**	**-**	**1,831**	**174,422**	**-**	**-**

5. Critical accounting estimates and assumptions

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

Key sources of estimation uncertainty

Determining fair values

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

Critical judgements in applying the Group's accounting policies

Valuation of financial instruments

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

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

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

The Group holds investments in several unquoted Indian infrastructure companies. The Directors' valuations of these investments, as shown in note 13, are based on a discounted cash flow methodology or recent transaction prices, prepared by the Company's Asset Manager (Franklin Park Management). The valuations are inherently uncertain and realisable values may be significantly different from the carrying values in the financial statements.

The methodology is principally based on company-generated cash flow forecasts 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)			
Distribution Logistics Infrastructure Private Limited	-	-	226,981
India Hydropower Development Company, LLC	-	-	20,739
Indian Energy Limited	-	-	11,516
Fair value at year end	**-**	**-**	**259,236**

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	262,001
Additional capital injected	7,567
Movement in fair value	(10,332)
Fair value at year end	**259,236**

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £32 million (2020: £31 million).

6. Other administration fees and expenses

	Group		**Company**	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Audit fees	86	87	46	53
Legal fees	131	108	20	106
Corporate advisory fees	173	369	168	163
Other professional costs	3,982	1,828	17	32
Administration fees	141	180	120	120
Directors' fees (note 17)	102	208	90	208
Insurance costs	11	10	11	10
Loan arrangement related fees	-	209	-	209
Travel and entertaining	8	179	8	142
Other costs	47	115	8	65
	4,681	**3,293**	**488**	**1,108**

7. Investment management, advisory and valuation fees

On 14 September 2016, the Company entered into a revised and restated management and valuation and portfolio services agreement (the "New Management Agreement") with Franklin Park Management, LLC ("Franklin Park" or the "Asset Manager"), the Company's existing asset manager, to effect a reduction in annual cash fees payable by IIP to the Asset Manager. The other terms of the New Management Agreement were unchanged from those of the prior agreement between the parties.

Under the New Management Agreement, the Asset Manager is entitled to a fixed annual management fee of £5,520,000 per annum (the "Annual Management Fee"), payable quarterly in arrears. In addition to the Annual Management Fee, the Asset Manager will be issued with 605,716 new ordinary shares in the Company annually (the "Fee Shares"). The Fee Shares will be issued free of charge, on 1 July of each calendar year for the duration of the New Management Agreement, which has an effective termination date of 30 September 2020.

Franklin Park also provide consulting services to the Group, which fall outside the scope of the New Management Agreement, at a cost of $150k per quarter.

Fees for the year ended 31 March 2021 were £5,960,000 (31 March 2020: £5,552,000). The amount of outstanding as at 31 March 2021 amounted to £1,489,000 (2020: £1,398,000).

8. Finance costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Loan interest expense (note 16)	24,916	18,159	12,120	10,247
	24,916	**18,159**	**12,120**	**10,247**

9. Taxation

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

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

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

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

	2021	**2020**
(Loss)/ Profit attributable to shareholders (£ thousands)	(30,848)	18,034
Weighted average number of ordinary shares in issue (thousands)	681,882	681,882
Basic (loss)/ earnings per share	**(4.52)p**	**2.64 p**

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

11. Investments in subsidiaries

Since incorporation, for efficient portfolio management purposes, the Company has established or acquired the following subsidiary companies, with certain companies being consolidated and others held at fair value through profit or loss in line with the Amendments to IFRS 10 Consolidated Financial Statements (see note 3.1):

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest**
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Power Infrastructure India (Two)	Mauritius	100%
Distribution and Logistics Infrastructure India	Mauritius	100%
Hydropower Holdings India	Mauritius	100%
India Hydro Investments	Mauritius	100%
Indian Energy Mauritius	Mauritius	100%
Non-consolidated subsidiaries held at fair value through profit or loss		
Distribution & Logistics Infrastructure sub group:		
Distribution and Logistics Infrastructure Private Limited	India	100.00%
Freightstar India Private Limited	India	100.00%
Freightstar Private Limited	India	99.79%
Deshpal Realtors Private Limited	India	99.76%
Bhim Singh Yadav Property Private	India	99.86%

Indian Energy Limited sub group (IEL):		
Belgaum Wind Farms Private Limited	India	99.99%
iEnergy Wind Farms (Theni) Private Limited	India	73.99%
iEnergy Renewables Private Limited	India	99.99%
India Hydropower Development Company sub group (IHDC):		
Franklin Park India LLC	Delaware	100.00%
India Hydropower Development Company LLC	Delaware	50.00%

The following table shows a reconciliation from the beginning balances to the ending balances for investments in subsidiaries:

	2021 £'000	2020 £'000
Balance as at 1 April	191,646	-
Loan to equity conversion	-	218,439
Share redemption in Infrastructure India HoldCo	-	(1,138)
Movement in fair value on investments in subsidiaries	(26,533)	(25,655)
Balance as at 31 March	**165,113**	**191,646**

12. Loans to Group companies

	Capital £'000	Interest £'000	Total £'000
Balance as at 1 April 2020	6,201	6,660	12,861
Additions	20	-	20
Interest charge for the period	-	620	620
Balance as at 31 March 2021	**6,221**	**7,280**	**13,501**

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

At 31 March 2021, the Group held four investments in unlisted equity securities. Three of the investments are held by the Company's wholly owned subsidiaries in Mauritius and one is held directly by the Company.

The investments are recorded at fair value as follows:

	SMH £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Balance at 1 April 2020	-	23,522	231,400	7,079	262,001
Additions	-	-	7,567	-	7,567
Fair value adjustment	-	(2,783)	(11,986)	4,437	(10,332)
Balance as at 31 March 2021	**-**	**20,739**	**226,981**	**11,516**	**259,236**

(i) Shree Maheshwar Hydel Power Corporation Ltd ("SMH")
(ii) India Hydropower Development Company LLC ("IHDC")
(iii) Distribution Logistics Infrastructure ("DLI")
(iv) Indian Energy Limited ("IEL")

As noted in the Joint Statement from the Chairman and the Chief Executive, the promoter of SMH has not secured the required funding and SMH received a termination order with regard to the historically entered Power Purchase Agreement ("PPA") and Resettlement & Rehabilitation Agreement ("R&R Agreement") from M.P. Power Management Company Limited, a company owned by the Government of Madya Pradesh. The PPA was signed in 1994 and amended in 1996 and the R&R Agreement was signed in 1997. Without a valid PPA and visibility into availability of completion financing, it is impossible to prepare reasonable forecasts. Although IIP retains legal options to extract value for its investment, until further clarity emerges, it is assumed that SMH has no contribution to IIP's valuation.

The investments in IHDC, IEL and DLI have been fair valued by the Directors as at 31 March 2021 using discounted cash flow techniques, as described in note 5. The discount rate adopted for the investments is the risk free rate (based on the Indian government 10-year bond yields) plus a risk premium of 3.02% for IHDC, 2.00% for IEL and 7% for DLI. (2020: 3.02% for IHDC, 2.00% for IEL and 7% for DLI).

All the investments valued using discounted cash flow techniques are inherently difficult to value due to the individual nature of each investment and as a result, valuations may be subject to substantial uncertainty. SMH and DLI are still in the construction or 'ramp-up' phase.

There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date.

As at 31 March 2021, the Company had pledged 51% of the shares in DLI, totalling 66,677,000 shares of INR 10 each, as part of the terms of a term loan within the underlying investment entity. In addition, the Company had provided a non-disposal undertaking of 51% of the shares in IEL, totalling 25,508,980 shares of 1 penny each, as part of the terms of a loan agreement within the underlying investment entity.

The following table shows the sensitivities of the valuations to discount rates and exchange rates:

IHDC		Discount Rate				
		8.18%	**8.68%**	**9.18%**	**9.68%**	**10.18%**
INR/£ Exchange Rate	104.7	22.4	21.1	19.9	18.9	17.9
	102.7	22.8	21.5	20.3	19.3	18.3
	100.7	23.2	21.9	20.7	19.6	18.6
	98.7	23.7	22.4	21.2	20.0	19.0
	96.7	24.2	22.8	21.6	20.5	19.4
DLI		Discount Rate				
		11.2%	**12.2%**	**13.2%**	**14.2%**	**15.2%**
INR/£ Exchange Rate	104.7	300.5	254.0	218.3	190.1	167.4
	102.7	306.4	259.0	222.6	193.8	170.6
	100.7	312.5	264.1	227.0	197.7	174.0
	98.7	318.8	269.5	231.6	201.7	177.6
	96.7	325.4	275.1	236.4	205.8	181.2
IEL		Discount Rate				
		6.17%	**7.17%**	**8.17%**	**9.17%**	**10.17%**
INR/£ Exchange Rate	104.7	12.6	11.8	11.1	10.4	9.4
	102.7	12.8	12.0	11.3	10.6	9.5
	100.7	13.1	12.3	11.5	10.9	9.7
	98.7	13.4	12.5	11.7	11.1	9.9
	96.7	13.6	12.8	12.0	11.3	10.1

14. Property, plant and equipment

	Land
Cost/Valuation	**£'000**
Balance at 1 April 2020	-
Additions	3,607
Balance at 31 March 2021	**3,607**

The only class of items within property, plant and equipment relate to the land purchased in the year. This land is currently held at historical cost and is not subject to depreciation.

15. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Trade payables	152	271	58	210
Accruals and other payables	1,561	1,560	56	4
	1,713	**1,831**	**114**	**214**

16. Loans and borrowings

Group	**Capital**	**Interest**	**Total**
	£'000	**£'000**	**£'000**
Balance as at 1 April 2020	152,884	21,538	174,422
Interest charge for the year	-	24,916	24,916
Capitalised loan interest	11,269	(11,269)	-
Foreign currency gain	(8,057)	(9,595)	(17,652)
Balance as at 31 March 2021	**156,096**	**25,590**	**181,686**

Company	**Capital**	**Interest**	**Total**
	£'000	**£'000**	**£'000**
Balance as at 1 April 2020	68,179	12,984	81,163
Interest charge for the year	-	12,120	12,120
Capitalised loan interest	11,270	(11,270)	-
Foreign currency gain	464	(8,140)	(7,676)
Balance as at 31 March 2021	**79,913**	**5,694**	**85,607**

On 8 April 2013, the Company entered into a working capital loan facility agreement with GGIC Ltd ("GGIC") for up to US$17.0 million. The loans increased to US$21.5 million in September 2017. The working capital loan has an interest rate of 7.5% per annum, payable semi-annually during the facility period. The Company's ultimate controlling party during the year was GGIC and affiliated parties.

In addition, and on 30 June 2017, the Company entered into an US$8.0 million unsecured bridging loan facility with Cedar Valley Financial ("Cedar Valley"), an affiliate of GGIC and the loan was subsequently increased in multiple tranches to US$64.1 million. The bridging loan has an interest rate of 12% per annum, payable semi-annually during the facility period. Cedar Valley's ultimate controlling party during the year was GGIC and affiliated parties.

In accordance with the requirements of the loan above maturity of both the GGIC and Cedar Valley loans have been extended to 30 June 2023 and will carry an interest rate of 15% per annum from 2 April 2019.

The Company arranged further debt facility of up to US$105 million (approximately £80.2 million) with IIP Bridge Facility LLC (the "Lender"), an affiliate of GGIC on 2 April 2019. The Loan is a secured four-year term loan provided to the Company's wholly owned Mauritian subsidiary, Infrastructure India Holdco, and matures on 1 April 2023. The loan accrues interest daily in a manner that yields a 15% IRR to the Lender (increasing to 18% IRR in the event of default) and payable at maturity, and is secured on all assets of Infrastructure India Holdco, including 100% of the issued share capital of Distribution Logistics Infrastructure India ("DLII"), DLI's Mauritian parent company.

At 31 March 2021, the US$105 million loan facility had been fully drawn down. US$7.5 million of the drawn down proceeds was applied towards the repayment the Cedar Valley loan.

17. Share capital

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 31 March 2021	**682,084,189**	**6,821**	**282,808**

As detailed in note 7, the Asset Manager is entitled 605,716 new ordinary shares in the Company annually (the "Fee Shares"). The Fee Shares will be issued free of charge, on 1 July of each calendar year for the duration of the New Management Agreement up to the effective termination date of 30 September 2020. The Company has issued a total of 1,817,148 ordinary shares to the Asset Manager.

18. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2021:

Timothy Walker (resigned 31/03/2020)	981,667	Ordinary Shares
Sonny Lulla	1,500,000	Ordinary Shares

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

	2021 £'000	2020 £'000
Timothy Walker (resigned 31/03/2020)	-	90
Madras Seshamani Ramachandran	90	90
	90	**180**

19. Related party transactions

Management services and Directors' fees

Franklin Park Management LLC ("FPM") is beneficially owned by certain Directors of the Company, namely Messrs Tribone, Lulla and Venerus, and receives fees in its capacity as Asset Manager as described in note 7.

As detailed in note 7, fees payable to FPM in respect of management and consulting services for the year ending 31 March 2021 amounted to £5,960,000 (31 March 2020: £5,552,000). The amount of management and consulting fees outstanding as at 31 March 2021 amounted to £1,489,000 (2020: £1,380,000).

Loans and borrowings

See note 16 regarding loans from GGIC and Cedar Valley Financial, including interest charged in the year and accrued at the year-end.

Administrator

FIM Capital Limited provides administration services including financial accounting services to the Company. The fees paid to the Administrator for the year amounted to £120,000 (2020: £120,000). The amount outstanding as at year end is £30,000 (2020: £30,000).

20. Net Asset Valuation (NAV) per share

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.

	2021	2020
Net assets (£'000)	93,253	124,101
Number of shares in issue (note 17)	682,084,189	682,084,189
NAV per share	**13.7p**	**18.2p**

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

21. Subsequent events

Following the yearend, the Group received a letter of intent signed by a third party for the sale of IEL. As described in note 2(d), the sale will likely occur at a discount to the stated NAV, as this will provide the Group with additional runway to pursue the monetisation of other assets.

22. Ultimate controlling party

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

23. Market Abuse Regulation (MAR) Disclosure

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

Company Information

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Graham Smith
Robert Venerus
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