Infrastructure India plc

Interim results

for the six months ended 30 September 2022

JOINT STATEMENT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE

We would like to report Infrastructure India plc's ("IIP", the "Company" and together with its subsidiaries, the "IIP Group") unaudited interim results for the six-month period ended 30 September 2022.

Net liabilities were £85.7 million as at 30 September 2022, compared to £46.8 million as at 31 March 2022 and net assets of £72.1 million as at 30 September 2021. The net liability position was based on agreed preliminary terms with a third party and the ascribed net minimum consideration for IIP's largest holding, Distribution Logistics Infrastructure Limited ("DLI"). The proposed transaction is structured in two parts, with a deferred consideration which the Directors expect to have a positive impact on net assets in due course. The increase in Group net debt was also a contributor to the net liabilities.

The first half of the fiscal year was dominated by discussions and due diligence around the sale of both Indian Energy Limited ("IEL") and DLI. Both assets have interest from multiple buyers and further announcements will be made as and when appropriate.

Company liquidity and financing

As at 30 September 2022, the Group had gross cash resources of £3.0 million (£0.3 million as at 31 March 2022; £2.0 million as at 30 September 2021).

On 31 August, IIP announced that the term loan provided by IIP Bridge Facility was increased by US$6 million to meet urgent operational overheads at DLI as well as Group working capital needs.

As announced in the Group's Annual Results published 21 December 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. The sale of IEL is expected to complete, although AVSR Constructions, who have unconditionally agreed to purchase IEL, has requested some additional time. Consequently, there are other potential buyers for IEL undertaking due diligence. IIP has also agreed preliminary terms for the sale of DLI in a dual component transaction and further announcements with regard to this will be made as and when appropriate. IIP has also commenced discussions with several other potential buyers and due diligence in underway.

The Company's creditors remain supportive, and it is expected the consideration due to the Company from the anticipated sale of IEL will be partially utilised towards settlement of such creditors.

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

Tom Tribone & Sonny Lulla
20 December 2022

Consolidated Statement of Comprehensive Income
for the period ended 30 September 2022

Continuing operations	Note	(Unaudited) 6 months ended 30 September 2022 £'000	(Unaudited) 6 months ended 30 September 2021 £'000	(Audited) Year ended 31 March 2022 £'000
Movement in fair value on investments at fair value through profit or loss	11	-	661	(2,202)
Foreign exchange (loss)/ gain		(40,832)	(4,566)	(9,839)
Asset management and valuation services	9	(2,760)	(2,962)	(5,520)
Other administration fees and expenses	8	(1,006)	(2,840)	(3,246)
Operating loss		**(44,598)**	**(9,707)**	**(20,807)**
Finance costs	16	(17,612)	(11,451)	(27,617)
Loss before taxation		**(62,210)**	**(21,158)**	**(48,424)**
Taxation		-	-	-
Loss for the period		**(62,210)**	**(21,158)**	**(48,424)**
Other comprehensive income		-	-	-
Total comprehensive loss – continuing operations		**(62,210)**	**(21,158)**	**(48,424)**
Total comprehensive income/(loss) – discontinued operations		23,234	-	(91,601)
Total comprehensive loss		**(38,976)**	**(21,158)**	**(140,025)**
Basic and diluted loss per share (pence)	10	**(5.72)p**	**(3.10)p**	**(21.54)p**

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

Consolidated Statement of Financial Position
as at 30 September 2022

	Note	(Unaudited) 6 months ended 30 September 2022	(Unaudited) 6 months ended 30 September 2021	(Audited) Year ended 31 March 2022
		£'000	£'000	£'000
Non-current assets				
Investments at fair value through profit or loss	11	18,537	263,120	18,537
Property, Plant and Equipment		-	6,140	-
Total non-current assets		18,537	269,260	18,537
Current assets				
Debtors and prepayments		55	203	229
Cash and cash equivalents		3,032	2,006	347
Assets held for sale	12	181,747	-	156,474
Total current assets		184,834	2,209	157,050
Total assets		203,371	271,469	175,587
Current liabilities				
Trade and other payables		(6,291)	(1,857)	(3,129)
Total current liabilities		(6,291)	(1,857)	(3,129)
Long term liabilities				
Loans and borrowings	16	(282,828)	(197,517)	(219,230)
Total long-term liabilities		(282,828)	(197,517)	(219,230)
Total liabilities		(289,119)	(199,374)	(222,359)
Net assets		**(85,748)**	**72,095**	**(46,772)**
Equity				
Ordinary shares		6,821	6,821	6,821
Share premium	13	282,808	282,808	282,808
Retained earnings	13	(375,377)	(217,534)	(336,401)
Total equity		**(85,748)**	**72,095**	**(46,772)**

These financial statements were approved by the Board on 20 December 2022 and signed on their behalf by

Sonny Lulla
Chief Executive

Graham Smith
Director

Consolidated Statement of Cash Flows
for the period ended 30 September 2022

	Note	(Unaudited) 6 months ended 30 September 2022	(Unaudited) 6 months ended 30 September 2021	(Audited) Year ended 31 March 2022
		£'000	£'000	£'000
Cash flows from operating activities				
(Loss)/profit for the period		(38,976)	(21,158)	(140,025)
Adjustments:				
Movement in fair value on investments at FV through profit or loss	11	-	(661)	2,202
Finance costs	16	17,612	11,451	27,617
Foreign exchange loss		40,832	4,566	9,839
		19,468	(5,802)	(100,367)
Increase/(decrease) in creditors and accruals		3,162	(50)	1,416
Decrease/(increase) in debtors and prepayments		174	144	(76)
Net cash generated from/ (utilised by) operating activities – continuing operations		**22,804**	**(5,708)**	**(99,027)**
Net cash (utilised by)/generated from operating activities – discontinued operations	12	(23,234)	-	91,601
Net cash utilised by operating activities		**(430)**	**(5,708)**	**(7,426)**
Cash flows from investing activities				
Purchase of investments		-	(3,223)	-
Purchase of Fixed Assets		-	(2,533)	-
Cash utilised by investing activities – continuing operations		**-**	**(5,756)**	**-**
Cash utilised by investing activities – discontinued operations	12	(2,039)	-	(5,971)
Cash utilised by investing activities		**(2,039)**	**(5,756)**	**(5,971)**
Cash flows from financing activities				
Loans advanced		5,162	-	-
Net cash generated from financing activities		**5,162**	**-**	**-**
Increase/(decrease) in cash and cash equivalents		**2,693**	**(11,464)**	**(13,397)**
Cash and cash equivalents at the beginning of the period		347	13,656	13,656
Effect of exchange rate fluctuations on cash held		(8)	(186)	88
Cash and cash equivalents at the end of the period		**3,032**	**2,006**	**347**

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

Selected notes to the interim consolidated financial statements
for the six months ended 30 September 2022

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.

The Company has no employees.

2. Basis of Preparation

These condensed consolidated interim financial statements for the six-month period ended 30 June 2022 have been prepared in a form consistent with that which will be adopted in the Group's annual accounts having regard to the accounting standards applicable to such annual accounts namely International Financial Reporting Standards ('IFRS') and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2022 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statement.

These interim consolidated financial statements were approved by the Board of Directors on 20 December 2022.

3. Going Concern

As disclosed within the 31 March 2022 consolidated financial statements, the Board has concluded that the Group cannot be considered a going concern and as a result a basis other than that of going concern has been adopted. The investments holdings in DLI and IEL have been moved to available for sale and carried at the expected realisable amounts as per IFRS 5. Other than this, there is no impact to the financial information as result of changing to this basis as investments were already being carried at realisable amounts.

The financial statements do not include any provision for the future costs of except to the extent that such costs were committed at the end of the reporting period.

4. 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.

5. Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2022.

6. Critical accounting estimates and assumptions

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

Actual results may differ from these estimates. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

During the six months ended 30 September 2022 management reassessed its estimates in respect of:

Valuation of financial instruments

The Group holds investments in several unquoted Indian infrastructure companies. The Directors' valuations of these investments, as shown in note 11 and note 12, 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.

7. Financial risk management policies

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2022.

8. Other administration fees and expenses

	6 months ended 30 September 2022	**6 months ended 30 September 2021**	**Year ended 31 March 2022**
	£'000	**£'000**	**£'000**
Audit fees	51	46	82
Legal fees	534	253	310
Corporate advisory fees	75	79	147
Other professional costs	84	2,173	2,323
Administration fees	82	101	216
Directors' fees	88	53	119
Insurance costs	6	5	5
Travel and entertaining	-	-	-
Other costs	86	130	44
	1,006	**2,840**	**3,246**

9. Investment management, advisory and valuation fees

On 14 September 2016, the Company entered into a revised and restated management, 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 as at that time. The other terms of the New Management Agreement are 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 was issued with 605,716 new ordinary shares in the Company annually (the "Fee Shares"). The Fee Shares were issued free of charge, on 1 July of each calendar year for the duration of the New Management Agreement, which had an effective termination date of 30 September 2020.

Fees including the accrued Fee Shares and consulting fees for the period ended 30 September 2022 were £2,760,000 (30 September 2021: £2,962,000).

10. Basic and diluted earnings 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.

	Group 30 September 2022	Group 30 September 2021	Group 31 March 2022
Loss for the period (£ thousands)	(38,976)	(21,158)	(140,025)
Weighted average number of shares (thousands)	681,882	681,882	681,882
Basic and diluted loss per share (pence)	**(5.72)p**	**(3.10)p**	**(21.54)p**

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

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

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

	SMH £'000	IHDC £'000	Total £'000
Balance at 1 April 2022	-	18,537	18,537
Additions	-	-	-
Fair value adjustment	-	-	-
Balance as at 30 September 2022	**-**	**18,537**	**18,537**

(i) Shree Maheshwar Hydel Power Corporation Ltd ("SMH")
(ii) India Hydropower Development Company LLC ("IHDC")

As noted in the 31 March 2022 financial statements, it is assumed that SMH has no contribution to IIP's valuation.

The investments in IHDC has been fair valued by the Directors as at 31 March 2022 using discounted cash flow techniques, as described in note 6. The discount rate adopted for the investments is the risk free rate (based on the Indian government 10-year bond yields) plus a risk premium of 2.67% for IHDC (2021: 3.02%)

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. 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.

12. Assets held for sale

	DLI Disposal Group £'000	IEL Disposal Group £'000	Total £'000
Balance at 1 April 2022	150,974	5,500	156,474
Additions	2,039	-	2,039
Fair value adjustment	23,234	-	23,234
Balance as at 30 September 2022	**176,247**	**5,500**	**181,747**

The disposal groups are made up of the following:

	DLI Disposal Group £'000	IEL Disposal Group £'000	Total £'000
Investments	170,107	5,500	175,607
Property, plant and equipment	6,140	-	6,140
Total	**176,247**	**5,500**	**181,747**

13. Share capital and share premium

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 30 September 2022	682,084,189	6,821	282,808

As detailed in note 9, the Asset Manager was entitled 605,716 new ordinary shares in the Company annually (the "Fee Shares"). The Fee Shares were 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.

14. Net asset value per share

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

	Group 30 September 2022	Group 30 September 2021	Group 31 March 2022
Net assets (£'000)	(85,748)	72,095	(47,772)
Number of shares in issue	682,084,189	682,084,189	682,084,189
NAV per share (pence)	**0.0p**	**10.6p**	**0.0p**

15. Group entities

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:

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%

16. Loans and borrowings

	Capital £'000	Interest £'000	Total £'000
Balance as at 1 April 2022	176,732	42,498	219,230
Interest charge for the period	-	17,612	17,612
Capitalised loan interest	7,263	(7,263)	-
Increase in Loan	5,163	-	5,163
Foreign currency (gain)/loss	32,723	8,100	40,823
Balance as at 30 September 2022	**221,881**	**60,947**	**282,828**

The Group has three fully drawn facilities. A working capital facility provided to the Company by GGIC Ltd. ("GGIC") (the "Working Capital Loan"); an unsecured bridging loan facility provided to the Company by Cedar Valley Financial (the "Bridging Loan"); and a secured term loan provided to IIP's wholly owned Mauritian subsidiary, Infrastructure India Holdco, by IIP Bridge Facility LLC (the "IIP Bridge Facility").

The Working Capital Loan was 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 originally carried an interest rate of 7.5% per annum on its principal amount. From 1 April 2019, the loan carries an interest rate of 15% per annum and matures on 30 June 2023.

The Bridging Loan was provided to the Company in June 2017 by Cedar Valley Financial in an amount of US$8.0 million and was subsequently increased in multiple tranches to US$64.1 million in March 2019. The Bridging Loan originally carried an interest rate of 12% per annum on its principal. From 1 April 2019, the loan carries an interest rate of 15% per annum and matures on 30 June 2023.

The IIP Bridge Facility LLC 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 $7.5 million was used to repay the Bridging Loan in accordance with its terms. The IIP Bridge Facility is a secured four-year term loan. The loan accrues interest daily in a manner that yields a 15% IRR to the Lender and matures on 1 April 2023.

On 31 August 2022, IIP announced that the term loan provided by IIP Bridge Facility was being increased by US $6 million to meet urgent operational overheads at DLI as well as Group working capital needs.

17. 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 9.

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.

18. Subsequent events

IIP agreed preliminary terms with a third party and the ascribed net minimum consideration for Distribution Logistics Infrastructure Limited ("DLI") has been the valuation applied for DLI in the accounts for the period. The proposed transaction is structured in two parts, with a deferred, performance-based, and contingent consideration, which does not contribute to the assigned DLI asset value and which the Directors expect to have a positive impact on net assets in due course. IIP has also commenced discussions with several other potential buyers of DLI and due diligence in underway.

The sale of IEL is expected to complete, and although the buyer, AVSR, has requested some additional time, there are other potential buyers for IEL undertaking due diligence

19. 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.