Infrastructure India plc

Report & Accounts
For the year ended 31 March 2019

Table of Contents

JOINT STATEMENT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE 1

REVIEW OF INVESTMENTS 4

DIRECTORS' REPORT 10

CORPORATE GOVERNANCE STATEMENT 12

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFRASTRUCTURE INDIA PLC16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 20

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION 21

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY 22

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS 23

NOTES TO THE FINANCIAL STATEMENTS 24

COMPANY INFORMATION 39

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 2019.

Net asset value and net asset value per share decreased to £106.0 million and £0.16 respectively as at 31 March 2019 when compared to £145.3 million and £0.21 as at 30 September 2018 (£188.8 million and £0.28 as at 31 March 2018) as a result of delayed completion schedules for Distribution Logistics Infrastructure Limited ("DLI"), the associated change to underlying DLI business assumptions, and the prospective effect of the financing concluded in April 2019. In particular, the financial statements presented below reflect for the increase in consolidated debt over time at IIP resulting in a reduction in the carrying value of DLI in the Group's consolidated balance sheet.

During the year ended 31 March 2019, funding constraints continued to hinder progress at DLI. Whilst DLI successfully focussed on streamlining and improving its existing operations, it was a frustrating year for the Group and DLI's management as IIP bridging loans increased throughout the period, largely funding immediate operational overheads and debt servicing at DLI.

Obtaining long term finance took longer than anticipated due to a range of issues and the Board was pleased that the US$105 million financing (the "Financing") was eventually agreed and announced on 2 April 2019, following the year end. The Financing will provide both time and capital for DLI to execute its business plan and US$75 million of the Financing has been drawn down to date. DLI is moving forward with the planned design, engineering and construction works across all terminals. The Group expects to draw down the remaining balance of the Financing, conditionally available to the Group, prior to the end of calendar year 2019.

During the year, DLI's terminal at Nagpur continued to increase its market share to over 40% of the local export-import market. The terminal has registered almost all shipping lines and has been able to secure additional freight movement by rail which was previously moved by road. Growth during the year was held back in bulk cargo, auto logistics and warehousing due to the inability of DLI to complete Phase 2 of construction works at Nagpur, but this work is now underway, funded from the proceeds of the Financing drawn down to date.

In the logistics sector, increased containerisation of cargo has led to a sharp rise in container traffic growth. This growth has highlighted the importance of inland container terminals in the export-import value chain. Inland terminals with rail connectivity, such as those of DLI, play an important role in decongesting container traffic at ports thereby enhancing supply chain efficiency. They also cater to significant hinterland cargo traffic.

Further cargo growth is expected following India's relaxation of cabotage rules. This move is seen as a way of levelling the playing field between foreign and domestic shipping lines and should lead to a reduction in overall freight rates, making Indian trade more competitive. Growth is also evident in warehousing, which recorded an overall space take-up of over 24 million square feet in 2018, a 40% increase from 2017. Implementation of the Goods and Services Tax ("GST") has been a driver of centralised warehousing. These market trends are positive for DLI.

On the wider macroeconomic front, there has been little impact on DLI's business so far from the trade war between the US and China, and DLI management do not currently foresee significant headwinds for the Indian logistics sector.

The government of India's emphasis on increasing manufacturing and exports has made logistics a key consideration in achieving sustained growth. The Ministry of Commerce and Industry has proposed a separate department for trade facilitation and logistics to better coordinate government departments responsible for railway, customs, roads and shipping. Considerable steps have been taken to create a reliable and predictable national supply chain, including significant investment in the transport network, improving customs and facilitation, and the implementation of GST. Although more

is needed to address certain regulatory bottlenecks, the government focus on developing a well-connected economy is good news for the sector and those that operate in it.

Financial performance

The gross value of the Group's investments was £179.4 million as at 31 March 2019 (£200.0 million as at 30 September 2018; £223.0 million as at 31 March 2018). Currency exchange rates strengthened at the end of the Company's financial year with GBP: INR exchange rate of 90.28 as at 31 March 2019 against 94.21 as at 30 September 2018 and 90.81 as at 31 March 2018. The risk-free rate of return, based on the Indian 10-year bond, decreased to 7.35% as at 31 March 2019 from 8.02% as at 30 September 2018 and 7.40% as at 31 March 2018.

Total investment during the year ended 31 March 2019 was £21.4 million, all of which was advanced by the Group to DLI to fund limited 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 unexpected delays to arranging long term financing resulted in no material construction progress being achieved during the year. This was a frustrating period for the Group and DLI's management focused on improving existing operations.

DLI's Nagpur terminal maintained momentum during the year, with over 40% of the local export-import market share. The facility currently has 30 major shipping lines registered and operating from the terminal. Movement of refrigerated cargo ("reefer cargo") commenced in October 2018 and has established DLI as a new and value adding service provider in this category. Reefer cargo is currently being diverted to Nagpur by rail for customs clearance, having previously been transported by road to ports for clearance, and DLI's management expect volumes in this category to increase. Nagpur is also focussed on increasing import container volumes and the stuffing of export containers at the terminal.

Through the Group's financing facilities, IIP continued to provide working capital and debt service support to DLI throughout the year. The Financing is designed to provide sufficient capital to complete, commission and ramp up all of DLI's terminals and this work is already underway. The anticipated timing of completion of DLI's terminals is coinciding with a sharp increase in containerisation of cargo and overall sector growth in India.

Energy

India Hydropower Development Company's ("IHDC") overall production was higher than the same period last year as a result of higher water release at its Maharashtra projects. In March 2019, during testing at the Raura project, a manufacturing defect was found in the turbine runners and the equipment was replaced by the manufacturer. Following testing and synchronisation, the Raura plant was commissioned on 9 September 2019. IHDC are currently selling Raura's power into the wholesale market and are exploring options for a longer term Power Purchase Agreement. Full generation and a permanent tariff will not be achieved until the Himachal Pradesh State Electricity Board completes the transmission line and substation, which is expected to be in the first half of 2020.

Indian Energy Limited ("IEL") has two operating wind farms, Theni, in Tamil Nadu, and Gadag, in Karnataka, and overall energy production was slightly lower than the previous year due to delays in maintenance works which are carried out by third party service providers. All turbines are now operational at Gadag and Theni and this should improve overall IEL energy production.

At Shree Maheshwar Hydel Power Corporation Limited ("SMH"), there was another year of uncertainty with litigation amongst the various stakeholders. However, subsequent to the year end, in July 2019, the SMH board approved entry into a memorandum of understanding (the "MOU") between SMH, the project's lead lender and the project promoter, which opens up a potential path for the resolution of the litigation and the completion of the project. Broadly, the entry into the MOU will see SMH stakeholders stand down in litigation, the project promoter given management control of SMH and be required to provide funding to meet the most immediate needs of SMH. The lenders will then provide the project promoter with 6 months to propose, and a further 6 months to implement, an agreeable settlement with the lenders and to secure appropriate financing to complete the project. Although IIP is cautiously optimistic that the MOU opens up a potential path forward, there remain tremendous challenges ahead in completing the project.

Company liquidity and financing

As at 31 March 2019, the Group had gross cash resources of £1.65 million.

During the year, the Company extended the maturity of the working capital loan facility provided by GGIC, Ltd. ("GGIC") (the "Working Capital Loan") and extended and enlarged the unsecured bridging loan facility provided by Cedar Valley Financial, an affiliate of GGIC (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 fully drawn down US$21.5 million principal amount and had been due for repayment by the Company on 1 April 2019. 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 Bridging Loan was originally 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 carried an interest rate of 12.0% per annum on its fully drawn US$64.1 million principal and had been due for repayment by the Company on 1 April 2019. 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.

IIP announced on 2 April 2019, that it had agreed a debt facility of up to US$105 million with IIP Bridge Facility LLC (the "Financing"), an affiliate of GGIC. The Financing is a secured four-year term loan provided to IIP's wholly owned Mauritian subsidiary, Infrastructure India Holdco, and matures on 1 April 2023. The Financing, to be drawn in tranches, is expected to provide sufficient capital to enable DLI to commission, ramp up and complete all of its existing terminal facilities as well as meeting other DLI lender requirements and provide additional working capital to the Group. IIP has drawn down US$75 million of the Financing to-date. IIP utilised US$7.5 million of the drawn funds to repay the Bridging Loan (together with accrued interest) in accordance with its terms such that the remaining principal under the Bridging Loan (following this partial repayment) amounts to US$56.6 million.

IIP intends to draw the remaining US$30 million, conditionally available to it under the Financing, in one further tranche in December 2019, the proceeds of these drawn down amounts will be used to progress construction and to meet operating overheads at DLI as well as to provide working capital to the Group.

We look forward to updating the shareholders on progress at DLI as well as developments across IIP's portfolio of assets in the period ahead.

Tom Tribone & Sonny Lulla
26 September 2019

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	**3 Mar 2011**	**15 Oct 2011**	**Jan 12- Mar 2019**
Investment amount	£34.8m (implied)	£58.4m (implied)	£124.0 million
Aggregate percentage interest	37.4%	99.9%	99.9%
Investment during the period	£21.4 million		
Valuation as at 31 March 2019	**£147.9 million**		
Project debt outstanding as at 31 March 2019	£74.8 million		

Key developments

- In April 2019, IIP agreed a loan facility for up to US$105 million with IIP Bridge Facility LLC. The loan amount is expected to be sufficient to complete construction, meet debt obligations and provide working capital.
- Delays in funding impacted the completion schedules of all DLI terminals. However, following the agreed financing and deployment of the first tranches, construction is underway and business assumptions have been revised.
- Nagpur maintained its momentum and DLI secured new freight movement for the rail division that was previously being transported by road.

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

In April 2019, IIP agreed a loan facility of up to US$105 million from affiliates of GGIC Ltd. The loan amount, drawn in tranches, is expected to be sufficient to complete construction, commissioning and ramp up of all terminals, meet debt obligations and provide working capital for DLI and the IIP Group.

The Indian Government's relaxation of cabotage, increased coastal cargo movements and growing containerisation of cargo are cumulatively contributing to a sharp rise in container growth in India, despite capacity constraints at Indian ports. Container traffic at major and non-major ports increased 10% year-on-year in FY 2019. Warehousing recorded an overall space take-up of over 24 million square feet in 2018, with a growth rate of more than 40% on 2017. This is a result of the Goods and Services Tax, coupled with quality warehouse supply from reputed developers.

During the reporting period, there was little construction progress due to lack of funding. IIP infused £21.4 million during the year, which was primarily used to meet debt obligations, clear past liabilities and cover operating expenses at DLI. Following the financing announced in April 2019, work is underway across all sites.

The facility at Nagpur maintained good momentum during the period, with 30 major shipping lines registered and operating from the terminal. Nagpur commenced the movement of refrigerated cargo ("reefer") during October 2018, changing the mode of transport from road to rail (with earlier reefer cargo moving by road for customs clearance at ports). Diverting reefer cargo to Nagpur for customs clearance has established DLI as a non-routine and value adding service provider. DLI management expect volumes to increase in this category.

Valuation

Revised business and construction-related assumptions were applied, based on a detailed review and update of the budget prepared by DLI's management team. For valuation purposes, the funding date was 1 April 2019.

As at 31 March 2019, the net present value ("NPV") of future IIP cash flows for DLI is £147.9 million. The decrease is due to delayed completion schedules for DLI and the associated change to underlying DLI business assumptions.

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 18 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 2019	**£21.0 million**		
Project debt outstanding as at 31 March 2019	£7.3 million		
Key developments	• Overall generation from IHDC's projects was higher than the previous period, with the increase in production primarily a result of higher water releases in Maharashtra. • Manufacturing defects were discovered in turbine runners at Raura and the manufacturer replaced the equipment. • The Raura plant was commissioned on 9 September 2019 and IHDC are currently selling Raura's power into the wholesale market.		

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 18 MW of capacity under development and construction with planned capacity at two sites having been revised upwards.

Project update

Overall generation from IHDC's projects was 163.4 GWh in the fiscal year ending March 2019 against 144 GWh in the previous period. The increase is mostly a result of higher water release in Maharashtra.

At Raura, manufacturing defects were discovered in turbine runners in March 2019. The equipment was replaced by the manufacturer and following installation, IHDC resumed testing and synchronisation activities. The plant was commissioned on 9 September 2019 and IHDC are currently selling Raura's power into the wholesale market. IHDC management are exploring options for a longer term PPA but full generation and a permanent tariff will not be achieved until the Himachal Pradesh State Electricity Board completes the transmission line and substation. This is expected in the first half of 2020.

In June 2018, following new legislation, additional charges were imposed at Birsinghpur, impacting the net billable tariff. IHDC has filed an appeal with MPERC (the regulatory commission) and will also approach the Appellate Tribunal of Electricity. IHDC is closely monitoring the proceedings and evaluating alternatives, but the overall impact is not material.

Valuation

The IHDC portfolio was valued in accordance with the Company's stated valuation methodology by using a composite risk premium of 3.36% over the risk free rate of 7.35%. The composite risk premium is computed using a MW-based weighted average of risk premia of individual assets related to their stage of operation. Adjustments were made to tariff estimates to account for current market data. The value for the IHDC investment as at 31 March 2019 is £21.0 million (£21.1 million 30 September 2018; £20.9 million 31 March 2018).

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 2019	**£5.4 million**	
Project debt outstanding as at 31 March 2019	£8.1 million	
Key developments	• Overall generation from IEL's two projects was 68 GWh during the period against 72.1 GWh the previous period. • IEL has renegotiated a higher Group Captive tariff with the off-takers from a weighted average of Rs.5.43 kWh to Rs.5.47 kWh for the current fiscal year.	

Investment details

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

Project update

Overall generation from IEL's two projects was 68 GWh the in the fiscal year ending 31 March 2019 against 72.1 GWh the previous year. Delays in generator maintenance at both projects caused by O&M service providers had an impact on production during the period. Subsequent to the year end, all turbines at Gadag & Theni are now operational which should result in higher production going forward.

IEL renegotiated a higher GCPP tariff with the off-takers from a weighted average of Rs.5.43 kWh to Rs.5.47 kWh for the current fiscal year.

On 27 April 2018, IIP announced that it had agreed to the sale, subject to regulatory and other approvals, of its 100% interest in IEL to ReNew Power Services Limited, for a cash consideration of INR 364 million (approximately £3.97 million at that date). Following an unduly protracted process, the Group withdrew from the proposed transaction and the sale of IEL did not proceed. The Board believes this was the correct decision for the Group.

Valuation

Adjustments in operating expenses and tariffs were made to account for changes observed in the six months since 30 September 2018. The NPV of future cash flows for IIP, after accounting for these adjustments, was £5.43 million for IEL. The valuation is attributable to weakening of Sterling (GBP) against the Indian Rupee (INR) and a reduction in the risk free rate.

Shree Maheshwar Hydel Power Corporation Limited ("SMH")

Description	400MW hydropower project on the Narmada River near Maheshwar in Madhya Pradesh.	
Promoter	Entegra Limited	
Date of investment	**Jun 2008**	**Sep 2011**
Investment amount	£13.2 million	£16.5 million
Direct and indirect % interest	20.5%	31.2%
Investment during the period	Nil	
Valuation as at 31 March 2019	**£5.1 million**	
Project Debt Outstanding as at 31 March 2019	£308.6 million	

Key developments

- As with prior periods, litigation between the promoter and the lenders dominated the reporting period.
- In July 2019, SMH approved entry into an MOU with the promoter and lead lender which opens up a potential path to completion.

Investment details

SMH is constructing a 400MW hydropower project (ten turbines of 40MW each) situated on the Narmada River near Maheshwar, in the southwestern region of Madhya Pradesh. The project is intended to produce peaking power and to supply drinking water to the city of Indore. Civil works are largely complete with 27 gates and three of the ten turbines installed, although the site and equipment have suffered from a lack of maintenance for several years.

Current status of the project and financing update

Subsequent to the year end, in July 2019, the SMH board approved entry into an MOU between SMH and the promoter, which opens up a potential path to completion. Broadly, all stakeholders are to stand down in litigation. The promoter will be provisionally handed back equity acquired by the lenders and given management control of the company. The promoter must provide funding to meet the most immediate needs of SMH and will have 12 months to raise finance to complete the project as well as conclude a settlement with the lenders. Although IIP is cautiously optimistic that this is a path forward, the promoter has a tremendous task ahead.

Valuation

Forecast assumptions were again adjusted to account for the continuing uncertainty on the terms and timing of project completion and the higher risk premium of 8% was retained. The value of IIP's investment in SMH as at 31 March 2019 was £5.12 million (£5.6 million 30 September 2018; £6.6 million 31 March 2018). The value of IIP's stake in the project remains largely dictated by the actions and timelines associated in reaching a viable plan to complete the project and there remains the risk that the investment could be reduced to zero.

Directors' Report

The Directors have pleasure in presenting their report and financial statements of the Group for the year ended 31 March 2019.

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 2019 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 (2018: nil).

Directors

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

Tom Tribone	Chairman
Rahul Sonny Lulla	Chief Executive
Timothy Walker	Non-Executive Director and Audit Committee Chairman
Robert Venerus	Non-Executive Director
Madras Seshamani Ramachandran	Non-Executive Director

Directors' interests in the shares of the Company are detailed in note 17.

Company Secretary

The secretary of the Company during the year and to the date of this report was Philip Scales.

On behalf of the Board

Sonny Lulla
Director
26 September 2019

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website; 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
26 September 2019

Corporate Governance Statement

Introduction from the Chairman

The Board of Infrastructure India plc (the "Company") 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.

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

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.

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

The Board has five members, three of which are non-executive. Tom Tribone is the Company's Chairman, Sonny Lulla is the Company's Chief Executive and Rob Venerus, Tim Walker and M.S. Ramachandran are the Company's three Non-Executive Directors.

Tim Walker and M.S. Ramachandran are considered independent directors. The Board is supported by an audit committee which is made up of two non-executive directors, Tim Walker and M.S. Ramachandran. The Board receives detailed reports from FIM Capital Limited ("FIM"), 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 meets at least 4 meetings each year.

The Directors devote sufficient time to ensure the Company's affairs are managed as efficiently as possible. During the year the Board held a number of Ad hoc Board meetings requiring the attendance of the Independent Directors only.

The Ad hoc meetings held were to consider and approve the periodic loan increases, which being related party transactions were restricted in attendance to the independent directors.

Board Meetings	Date	R Venerus	T Tribone	S Lulla	MS Ramachandran	T Walker
1	06-Apr-18				x	x
2	23-Apr-18				x	x
3	24-Apr-18				x	x
4	22-May-18				x	x
5	25-May-18				x	x
6	15-Jun-18				x	x
7	28-Jun-18				x	x
8	02-Jul-18	x	x	x	x	x
9	20-Aug-18				x	x
10	07-Sep-18			x		x
11	14-Sep-18		x	x	x	x
12	14-Sep-18				x	x
13	25-Sep-18				x	x
14	17-Oct-18				x	x
15	22-Oct-18				x	x
16	24-Oct-18				x	x
17	16-Nov-18				x	x
18	12-Dec-18	x	x	x	x	x
19	12-Dec-18				x	x
20	20-Dec-18				x	x
21	07-Jan-19				x	x
22	21-Jan-19				x	x
23	04-Feb-19				x	x
24	15-Feb-19				x	x
25	21-Feb-19				x	x
26	22-Mar-19			x	x	x

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 on page 10 of the 2019 Accounts.

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 Audit Committee 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.

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

All Board appointments have been made after consultation and 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 its own internal evaluation processes. The Board assesses the performance of the Company's Asset Manager (Franklin Park Management) on an ongoing basis.

The Company's Articles require that all Directors are proposed for election at the AGM following their first appointment to the Board and one third of the Directors are subject to retirement by rotation on an annual basis to refresh the Board, irrespective of performance.

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

The Corporate Governance Statement is detailed on page 11 of the 2019 Accounts. 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 companywide policies.

As stated earlier the Company has extensively considered its wider social responsibilities and the steps taken to actively address these.

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.

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 Accounts, 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.

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 and presents a report to the Board at each meeting.

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 in note 17.

Audit Committee Report

The Audit Committee met twice in respect of the year ended 31 March 2019. It has approved and recommended to the Board for approval the interim accounts for the half year end 30 September 2018 and accounts for the year ended 31 March 2019.

The Audit Committee has also liaised with external auditors, reviewed the effectiveness of internal controls and reviewed and monitored relevant risk registers during the year.

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 2019 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 matters described in the basis of qualified opinion section of our report:

- 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 2019, and of the group's and parent company's results for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

Basis for qualified opinion

We were not appointed as auditor of the group or parent company for the comparative period, being the year ended 31 March 2018, and draw attention to the fact that the predecessor auditor issued a disclaimer of opinion on the financial statements, primarily due to the material uncertainties surrounding the proposed financing and the dependence thereon in relation to the underlying activities within Distribution Logistics Infrastructure Private Ltd ("DLI"), together with the other portfolio companies. We have been unable to satisfy ourselves by alternative means that the comparatives shown in these financial statements are fairly stated, resulting in a limitation of scope, and so our opinion given above specifically excludes all comparative figures shown for the year ended 31 March 2018, for both the group and parent company. We draw attention to the fact that should there be a adjustment to the opening balances there would be a corresponding adjustment to the results reported in the Statement of Comprehensive Income for the current year.

In addition to the above, as explained in more detail in the key audit matters paragraph below, we appointed an independent auditor's expert in India to appraise the valuations provided by management. Owing to a limitation in scope they have been unable to opine to us that the valuations of two of the four portfolio companies, being India Hydropower Development Co. LLC ("IHDC") and Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL"), are fairly stated in all material respects.

As shown in note 13, IHDC is carried in these financial statements at £20.96m representing 19.8% of the group's net assets. At the date of signing the financial statements not all queries raised by the independent auditor's expert had been fully addressed. Based on the work that has been completed the independent expert has determined that there may be significant misstatements in the valuation of IHDC but that those misstatements are not likely to be pervasive to the financial statements as a whole. We are not able to quantify the effects of any potential misstatements in this respect.

As shown in note 13, SMHPCL is carried in these financial statements at £5.12m representing 4.8% of the group's net assets. As SMHPCL is at such an early stage of development it has not been possible to verify the majority of data entry points to the valuation model. We are not therefore able to opine on whether the valuation is fairly stated, nor can we quantify any potential misstatement in the financial statements.

Based on information available to us in respect of the valuations of IHDC and SMHPCL, we believe that any misstatement could be material to the financial statements as a whole but not pervasive, resulting in this qualified opinion.

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

Management have elected to value investments in subsidiaries at fair value through profit and loss based on a valuation model as discussed in notes 5 and 13. The fair value models estimate the present fair value of the investments using a discounted cashflow analysis, based on assumptions about the future performance of the investments.

At 31 March 2019, investments in subsidiaries represented £179.38m or 169.12% of the group's total net asset value. As shown in note 13 the breakdown of investments in subsidiaries is:

Portfolio group	Valuation (£m)	% of NAV
Distribution Logistics Infrastructure Ltd ("DLI")	147.87	139.5
India Hydropower Development Co. LLC ("IHDC")	20.96	19.8
Indian Energy Ltd ("IEL")	5.43	5.1
Shree Maheshwar Hydel Power Corporation Ltd ("SMHPCL")	5.12	4.8

We have determined this to be a key audit matter which required significant auditor attention as the fair value models involve significant management judgements which include accounting estimates that have high estimation uncertainty.

Our approach to this area has been to appoint an independent auditor's expert, located in India where the group's operational activities will be undertaken, to undertake an independent review of the valuation of the portfolio companies of the group.

Audit procedures undertaken included:

- obtaining an 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.

In conjunction with the auditor's expert we have determined that the valuation models for DLI and IEL (value at £147.87m and £5.43m 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 in particular 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.

In respect of the valuation models for IHDC and SMHPCL (valued at £20.96m and £5.12m respectively) we have been unable to conclude on the valuations presented and this is referred to in our basis for qualified opinion above.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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
P O Box 95
2a Lord Street
Douglas
Isle of Man
IM99 1HP
Date:

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

	Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Movement in fair value on investments in subsidiaries	11	-	-	(35,416)	(98,052)
Impairment loss on loans to Group companies	12	-	-	(44,755)	-
Movement in fair value on investments at fair value through profit or loss	13	(65,061)	(86,521)	-	-
Foreign exchange (loss)/gains		(2,939)	2,416	(2,935)	2,416
Asset management and valuation services	7	(5,531)	(5,536)	-	-
Other administration fees and expenses	6	(3,960)	(1,709)	(1,369)	(1,324)
Operating loss		(77,491)	(91,350)	(84,475)	(96,960)
Finance income	12	-	-	6,984	5,610
Finance costs	8	(5,249)	(1,861)	(5,249)	(1,861)
Loss before taxation		(82,740)	(93,211)	(82,740)	(93,211)
Taxation	9	-	-	-	-
Loss for the year		(82,740)	(93,211)	(82,740)	(93,211)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(82,740)	(93,211)	(82,740)	(93,211)
Basic and diluted loss per share (pence)	10	(12.16) p	(13.70) p		

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 2019

	Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Non-current assets					
Investments in subsidiaries	11	-	-	-	30,869
Loans to Group companies	12	-	-	177,984	191,048
Investments at fair value through profit or loss	13	179,376	223,034	-	-
Total non-current assets		179,376	223,034	177,984	221,917
Current assets					
Debtors and prepayments		98	15	17	13
Cash and cash equivalents		1,652	3,431	1,551	3,121
Total current assets		1,750	3,446	1,568	3,134
Total assets		181,126	226,480	179,552	225,051
Current liabilities					
Trade and other payables	14	(1,751)	(1,585)	(177)	(156)
Current loans and borrowings	15	-	(36,127)	-	(36,127)
Total current liabilities		(1,751)	(37,712)	(177)	(36,283)
Long-term liabilities					
Long term loans & borrowings	15	(73,347)	-	(73,347)	-
Total current liabilities		(73,347)	-	(73,347)	-
Total liabilities		(75,098)	(37,712)	(73,524)	(36,283)
Net assets		106,028	188,768	106,028	188,768
Equity					
Ordinary share capital	16	6,803	6,803	6,803	6,803
Share premium	16	282,787	282,787	282,787	282,787
Retained earnings		(183,562)	(100,822)	(183,562)	(100,822)
Total equity		106,028	188,768	106,028	188,768

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

These financial statements were approved by the Board on 26 September 2019 and signed on their behalf by

Sonny Lulla
Chief Executive

Tim Walker
Director

Consolidated and Company Statement of Changes in Equity for the year ended 31 March 2019

Group

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017	6,803	282,787	(7,611)	281,979
Total comprehensive loss for the year				
Loss for the year	-	-	(93,211)	(93,211)
Total comprehensive loss for the year	-	-	(93,211)	(93,211)
Balance at 31 March 2018	6,803	282,787	(100,822)	188,768
Balance at 1 April 2018	6,803	282,787	(100,822)	188,768
Total comprehensive loss for the year				
Loss for the year	-	-	(82,740)	(82,740)
Total comprehensive loss for the year	-	-	(82,740)	(82,740)
Balance at 31 March 2019	6,803	282,787	(183,562)	106,028

Company

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017	6,803	282,787	(7,611)	281,979
Total comprehensive loss for the year				
Loss for the year	-	-	(93,211)	(93,211)
Total comprehensive loss for the year	-	-	(93,211)	(93,211)
Balance at 31 March 2018	6,803	282,787	(100,822)	188,768
Balance at 1 April 2018	6,803	282,787	(100,822)	188,768
Total comprehensive loss for the year				
Loss for the year	-	-	(82,740)	(82,740)
Total comprehensive loss for the year	-	-	(82,740)	(82,740)
Balance at 31 March 2019	6,803	282,787	(183,562)	106,028

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 2019

	Note	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Cash flows from operating activities					
Loss for the year		(82,740)	(93,211)	(82,740)	(93,211)
Adjustments:					
Finance costs		5,249	1,861	5,249	1,861
Movement in fair value on investments at fair value through profit or loss	11/13	65,061	86,521	35,416	98,052
Impairment loss on loans to Group companies		-	-	44,755	-
Finance income		-	-	(6,984)	(5,610)
Foreign exchange loss/(gain)		2,939	(2,416)	2,935	(2,416)
		(9,491)	(7,245)	(1,369)	(1,324)
(Decrease)/increase in trade and other payables		166	54	21	33
Increase/(decrease) in debtors and prepayments		(83)	13	(5)	(3)
Net cash utilised by operating activities		(9,408)	(7,178)	(1,353)	(1,294)
Cash flows from investing activities					
Loan to subsidiaries		-	-	(24,707)	(19,349)
Equity addition in subsidiaries		-	-	(4,547)	-
Purchase of investments	13	(21,403)	(13,564)	-	-
Cash utilised by investing activities		(21,403)	(13,564)	(29,254)	(19,349)
Cash flows from financing activities					
Loans received		28,959	22,651	28,959	22,651
Net cash raised from financing activities		28,959	22,651	28,959	22,651
(Decrease)/increase in cash and cash equivalents		(1,852)	1,909	(1,648)	2,008
Cash and cash equivalents at the beginning of the year		3,431	1,522	3,121	1,113
Effect of exchange rate fluctuations on cash held		73	-	78	-
Cash and cash equivalents at the end of the year		1,652	3,431	1,551	3,121

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

Notes to the Financial Statements for the year ended 31 March 2019

1. General information

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

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

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 26 September 2019.

(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

The Group had £1.65 million cash and cash equivalents and total liabilities of £75.1 million at 31 March 2019. As announced on 2 April 2019, the Group arranged further debt facility of up to US$105 million (approximately £80.2 million). The Loan is expected to provide sufficient capital to enable Distribution Logistics Infrastructure Private Limited ("DLI"), the Company's wholly owned subsidiary, to complete, commission and ramp up all of its existing terminal facilities through to completion, to meet other DLI lender requirements and provide additional working capital for both DLI and the Group. US$75 million has been drawn to date and a further US$30 million remains available to the Group under the Facility.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements.

Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 March 2019.

(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.

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

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

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

3.2 Segment reporting

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

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

3.3 Income

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

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

3.4 Expenses

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

3.5 Taxation

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

3.6 Foreign currency transactions

Transactions and balances

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

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

Foreign operations

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

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

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

3.7 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.8 Investments

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

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

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

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 Impairment

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

3.17 Changes in accounting policies

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

- IFRS 9 (2014) - Financial instruments (effective 1 January 2018)
- Amendments to IFRS 2: Classification and measurement of Share-based Payment Transactions (effective 1 January 2018)
- Annual improvements to IFRS Standards 2014-2016 Cycle (effective 1 January 2018)
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018, and determined that there was no material impact on the comparative balances other than a change in classification and terminology. There was no impact on hedging as the Group does not apply hedge accounting.

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 16 – Leases (effective for annual reporting periods beginning on or after 1 January 2019)
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective for annual reporting periods beginning on or after 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual reporting periods beginning on or after 1 January 2020)

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:

	2019 £'000	2018 £'000
Long and short term loans and borrowings	73,347	36,127
Less: cash and cash equivalents	(1,652)	(3,431)
Net debt	71,695	32,696
Total equity	106,028	188,768
Total capital	**177,723**	**221,465**
Gearing ratio	**40.3%**	**14.8%**

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 £179.4 million (2018: £223.0 million), representing the Group's investments in Indian Companies. At 31 March 2019, 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 £17.9 million (2018: £22.3 million). This exposure is unhedged.

Total liabilities denominated in US$ at the year-end amounted to £75.1 million (2018: £32.7 million), principally comprising loans and borrowings less cash and cash equivalents. At 31 March 2019, 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 £7.5 million (2018: £3.3 million). This exposure is unhedged.

(ii) Market price risk

The Group is exposed to market risk arising from its investment in unlisted Indian infrastructure companies 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 £17.9 million (2018: £22.3 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 15.

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 2019	Less than 1 month £'000	0 to 1 month £'000	3 months 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	-	-	-	-	-	179,376	179,376
Trade and prepayments	-	-	-	-	-	98	98
Cash and cash equivalents	1,652	-	-	-	-	-	1,652
Total financial assets	1,652	-	-	-	-	179,474	181,126
Financial liabilities							
Trade and other payables	-	-	-	-	-	(1,751)	(1,751)
Loans and borrowings	-	-	-	(73,347)	-	-	(73,347)
Total financial liabilities	-	-	-	(73,347)	-	(1,751)	(75,098)
Total interest rate sensitivity gap	1,652	-	-	-	-		

31 March 2018	Less than 1 month £'000	0 to 1 month £'000	3 months 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	-	-	-	-	-	223,034	223,034
Trade and prepayments	-	-	-	-	-	15	15
Cash and cash equivalents	3,431	-	-	-	-	-	3,431
Total financial assets	3,431	-	-	-	-	223,049	226,480
Financial liabilities							
Trade and other payables	-	-	-	-	-	(1,585)	(1,585)
Loans and borrowings	-	-	(36,127)	-	-	-	(36,127)
Total financial liabilities	-	-	(36,127)	-	-	(1,585)	(37,712)
Total interest rate sensitivity gap	3,431	-	(36,127)	-	-		

(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- (Negative).

(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 2019	Less than 1 month £'000	0 to 1 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	-	-	1,751	-	-	-
Loans and borrowings	-	-	-	73,347	-	-
Total	-	-	1,751	73,347	-	-

31 March 2018	Less than 1 month £'000	0 to 1 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	-	-	1,585	-	-	-
Loans and borrowings	-	-	36,127	-	-	-
Total	-	-	37,712	-	-	-

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)			
Shree Maheshwar Hydel Power Corporation Ltd	-	-	5,115
India Hydropower Development Company, LLC	-	-	20,959
Distribution Logistics Infrastructure Private Ltd	-	-	147,870
Indian Energy Limited	-	-	5,432
	-	-	179,376

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	223,034
Additional capital injected	21,403
Movement in fair value	(65,061)
Fair value at year end	179,376

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £30 million (2018: £31 million).

6. Other administration fees and expenses

	Group		**Company**	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Audit fees	69	59	34	30
Legal fees	180	332	180	155
Corporate advisory fees	201	188	201	188
Consultancy fees	59	134	59	294
Other professional costs*	2,475	194	7	7
Administration fees	164	147	120	120
Directors' fees (note 17)	180	180	170	170
Insurance costs	9	9	9	9
Loan arrangement related fees	463	235	463	132
Travel and entertaining	109	134	109	134
Other costs	51	97	17	85
	3,960	1,709	1,369	1,324

* On 31 July 2018, IIP announced that it had entered into conditional proposed financing agreements for up to U$125 million with PSA International, a global port group, and Gateway Partners. The transaction included the issue of convertible preference shares in Distribution Logistics Infrastructure India ("DLII") for a consideration of U$75 million and the sale of 24% of DLI for a consideration of U$50 million. The transaction fell through and the

Company arranged alternative financing as detailed in note 20. The £2,475,000 professional fees include additional expenses in relation to the exploration of refinancing and intended disposal.

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.

Fees for the year ended 31 March 2019 were £5,531,000 (31 March 2018: £5,536,000). The amount of management fees outstanding as at 31 March 2019 amounted to £nil (2018: £1,398,000).

8. Finance costs

	2019 £'000	2018 £'000
Loan interest expense (note 15)	5,249	1,861
	5,249	**1,861**

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 loss per share

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

	2019	2018
Loss attributable to shareholders (£ thousands)	(82,740)	(93,211)
Weighted average number of ordinary shares in issue (thousands)	680,267	680,267
Basic loss per share	(12.16) p	(13.70) p

There is no difference between basic and diluted 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%
Roads 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%

Non-consolidated subsidiaries held at fair value through profit or loss

Distribution & Logistics Infrastructure sub group:		
Distribution Logistics Infrastructure Private Limited	India	99.9%
Freightstar Private Limited	India	99.9%
Deshpal Realtors Private Limited	India	99.8%
Bhim Singh Yadav Property Private	India	99.9%
Indian Energy Limited sub group (IEL):		
Indian Energy Limited	Guernsey	100%
Indian Energy Mauritius Limited	Mauritius	100%
Belgaum Wind Farms Pvt Limited	India	100%
iEnergy Wind Farms (Theni) Pvt Limited	India	74%
iEnergy Renewables Pvt Limited	India	100%
India Hydropower Development Company sub group (IHDC):		
India Hydropower Development Company LLC	Delaware	50%
Franklin Park India LLC	Delaware	100%

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

	Total £'000
Balance as at 1 April 2018	30,869
Addition during the year	4,547
Movement in fair value on investments in subsidiaries	(35,416)
Balance as at 31 March 2019	-

12. Loans to Group companies

	Capital £'000	Interest £'000	Total £'000
Balance as at 1 April 2018	181,325	9,723	191,048
Loan drawn down during the year	24,707	-	24,707
Interest for the year	-	6,984	6,984
Impairment provision	(44,755)	-	(44,755)
Balance as at 31 March 2019	161,277	16,707	177,984

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

At 31 March 2019, 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:

	SMHPCL £'000	IHDC £'000	DLI £'000	IEL £'000	Total £'000
Balance at 1 April 2018	6,643	20,870	191,513	4,008	223,034
Additional capital injection	-	-	21,403	-	21,403
Fair value adjustment	(1,528)	89	(65,046)	1,424	(65,061)
Balance as at 31 March 2019	5,115	20,959	147,870	5,432	179,376

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

The investments in SMHPCL, IHDC, IEL and DLI have been fair valued by the Directors as at 31 March 2019 using discounted cash flow techniques, as described in note 5. The discount rate adopted for the investments is the risk free rate (based on the Indian government 9-10-year bond yields) plus a risk premium of 8% for SMHPCL,

3.36% for IHDC, 2.00% for IEL and 7% for DLI. (2018: risk premium was 8% for SMHPCL, 3.2% 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. SMHPCL and DLI are still in the construction or 'ramp-up' phase. As disclosed in note 20, the Company arranged financing which is expected to provide sufficient capital to enable DLI to complete, commission and ramp up all of its existing terminal facilities through to completion, to meet other DLI lender requirements and provide additional working capital for both DLI and the Group.

The decrease in valuation is as a result of delayed completion schedules for DLI, the associated change to underlying DLI business assumptions, and the prospective effect of the debt financing concluded in April 2019.

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 2019, 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:

SMHPCL		Discount Rate			
		14.90%	15.40%	15.90%	16.40%
INR/£ Exchange rate	94.3	8.8	4.9	1.3	-
	92.3	9.0	5.0	1.4	-
	90.3	9.2	**5.1**	1.4	-
	88.3	9.4	5.2	1.4	-
	86.3	9.7	5.4	1.5	-

IHDC		Discount Rate			
		10.21%	10.71%	11.21%	11.71%
INR/£ Exchange Rate	94.3	21.3	20.1	19	18
	92.3	21.7	20.5	19.4	18.4
	90.3	22.2	**21.0**	19.8	18.8
	88.3	22.7	21.4	20.3	19.2
	86.3	23.2	21.9	20.8	19.7

DLI		Discount Rate			
		13.40%	14.40%	15.40%	16.40%
INR/£ Exchange Rate	94.3	168.9	142.4	120.9	103.3
	92.3	172.5	145.5	123.5	105.5
	90.3	176.3	**147.9**	126.3	107.8
	88.3	180.3	152.0	129.1	110.3
	86.3	184.5	155.6	132.1	112.8

IEL		Discount Rate			
		8.35%	9.35%	10.35%	11.35%
INR/£ Exchange Rate	94.4	5.8	5.2	4.7	4.2
	92.4	5.9	5.3	4.8	4.3
	90.3	6.0	**5.4**	4.9	4.4
	88.4	6.2	5.6	5.0	4.5
	86.4	6.3	5.7	5.1	4.6

14. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade payables	204	91	131	89
Accruals and other payables	1,547	1,494	46	67
	1,751	1,585	177	156

15. Loans and borrowings

	Capital	Interest	Total
	£'000	£'000	£'000
Balance as at 1 April 2018	33,868	2,259	36,127
Loans drawn-down	28,959	-	28,959
Interest charge for the year	-	5,249	5,249
Foreign currency loss	2,841	171	3,012
Balance as at 31 March 2019	65,668	7,679	73,347

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 were originally repayable on 10 April 2017. During the year, a further US$4.5 million was made available to, and drawn-down on 19 September 2017, with the fully drawn-down working capital loan now totalling US$21.5 million. 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, most recently to US$64.1 million at 31 March 2019. 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.

Subsequent to year-end the loan maturity of both loans has been extended to 30 June 2023 and will carry an interest rate of 15% per annum going forward. (note 20).

Accrued interest relating to these loans as at the year-end amounted to £7.7 million (2018: £2.3 million).

16. Share capital

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 31 March 2019	680,267,041	6,803	282,787

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. As at 31 March 2019, the accrued shares were 1,664,474 (including prior year accrued Fee Shares not yet issued) and the accrued share based payment expense for the 1,664,474 is £13,000 at 31 March 2019 share price.

Subsequent to year-end, the Company issued a total of 1,817,148 ordinary shares to the Asset Manager including shares that had accrued up to 1 July 2019 (note 20).

17. Directors' fees and Directors' interests

The Directors had the following interests in the shares of the Company at 31 March 2019:

Timothy Walker	981,667	Ordinary Shares
Sonny Lulla	1,500,000	Ordinary Shares

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

	2019 £'000	2018 £'000
Timothy Walker	90	90
Madras Seshamani Ramachandran	90	90
	180	180

18. 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 services for the year ending 31 March 2019 amounted to £5,531,000 (31 March 2018: £5,536,000). The amount of management fees outstanding as at 31 March 2019 amounted to £1,380,000 (2018: £1,398,000).

Loans and borrowings

See note 15 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 (2018: £120,000). The amount outstanding as at year end is £30,000 (2018: £30,000).

19. 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.

	2019 £'000	2018 £'000
Net assets (£'000)	106,028	188,768
Number of shares in issue (note 16)	680,267,041	680,267,041
NAV per share	£0.16	£0.28

There is no difference between basic and diluted NAV per share

20. Subsequent events

Financing

As announced on 2 April 2019, the Group 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, Ltd. ("GGIC"). The Loan is expected to provide sufficient capital to enable Distribution Logistics Infrastructure Private Limited ("DLI"), the Company's wholly owned subsidiary, to complete, commission and ramp up all of its existing terminal facilities through to completion, to meet other DLI lender requirements and provide additional working capital for both DLI and the Group.

The loan carries an interest rate of 15% (increasing to 18% per annum in the event of default) and payable at maturity, and is secured on all assets of IIP's wholly owned Mauritian subsidiary, Infrastructure India Holdco, including 100% of the issued share capital of Distribution Logistics Infrastructure India ("DLII"), DLI's Mauritian parent company.

The loan matures on 1 April 2023, is voluntarily repayable without penalty and is otherwise mandatorily proportionally repayable from the net proceeds of Group asset realisations in excess of US$500,000.

US$8.7 million of the loan was drawn down by the Group on 5 April 2019 and US$7.5 million of the proceeds was applied towards the repayment the Bridging Loan. At 31 July 2019, US$75 million has been drawn to date and a further US$30 million remains available to the Group under the Facility.

In accordance with the requirements of the loan above maturity of both the working capital loan and the bridging loans have been extended to 30 June 2023 and will carry an interest rate of 15% per annum going forward.

Share issue
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. As at 31 March 2019, the accrued shares were 1,664,474 (including prior year accrued Fee Shares not yet issued). Subsequent to year-end, the Company issued a total of 1,817,148 ordinary shares to the Asset Manager including shares that had accrued up to 1 July 2019.

There were no other significant subsequent events.

21. Ultimate controlling party

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

22. 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

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

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

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

Company Secretary
Philip Scales

Administrator and Registrar
FIM Capital Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

Auditors
Baker Tilly Isle of Man LLC
2a Lord Street
Isle of Man
IM99 1HP

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

Nominated Adviser (NOMAD) and Joint Broker
Cenkos Securities plc
678 Tokenhouse Yard
London
EC2R 7AS

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

Website www.iiplc.com