Infrastructure India plc

Interim results

for the six months ended 30 September 2020

CONTENTS

JOINT STATEMENT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE

We are pleased to report Infrastructure India plc's ("IIP", the "Company" and together with its subsidiaries, the "IIP Group") unaudited interim results for the six-month period ended 30 September 2020.

Net Asset Value decreased to £104.3 million (15.3p per share) when compared to 31 March 2020 (£124.1 million, 18.2p per share) and 30 September 2019 (£149.1 million, 21.9p per share), principally driven by devaluation of INR against GBP and revisions to business assumptions and completion schedules at Distribution Logistics Infrastructure Limited ("DLI"), IIP's largest asset.

The first half of the fiscal year was dominated by the COVID-19 pandemic and the subsequent national and local lockdowns and other restrictions adopted to slow the spread of the disease. On 24 March 2020, the Government of India ordered a complete national lockdown of non-essential activity. For Distribution Logistics Infrastructure Limited ("DLI"), IIP's largest asset, all construction activities at its terminals ceased and while freight movement was classed as essential, movement of cargo was limited due to closures across the supply chain.

On 8 June 2020, following more than two months of national lockdown, the Government of India commenced a phased reopening of economic activities and adopted a cluster containment strategy. DLI has terminals located in each of the National Capital Region ("NCR"), Maharashtra and Tamil Nadu, which remain the most affected regions in India and the various restrictions in place throughout the period hindered construction progress and regulatory approvals.

Despite these challenges, work at the terminal in Bangalore was largely completed during the period and DLI anticipate commencing initial operations in Q1 of calendar year 2021. Work in the NCR and at Chennai is focussed on site access and other approvals, following a long period where work was on hold due to lockdowns and other local restrictions. At Nagpur, all Phase II work is complete and DLI has now received regulatory clearance from Indian Railways for the Private Freight Terminal.

Operations across most industrial sectors remain at low capacity. This is due to both lower demand and critical shortages of labour and raw materials. Freight volumes – export, import and bulk cargo – remain depressed and are unlikely to pick up in the near term. Consequently, there has been aggressive discounting amongst operators in the logistics sector.

In May 2020, Prime Minister Modi announced a stimulus package aimed at improving liquidity, particularly for small and medium enterprises, as well as long-term reforms related to land and labour. The Reserve Bank of India reduced the benchmark interest rate by 75 basis points and extended a moratorium on debt obligations by six months. Interest rates have since remained unchanged.

Sweeping tax reforms with cuts to corporate tax with effect from fiscal year 2019-2020 were welcomed as a much needed fiscal stimulus introduced by the Government to support investment and boost growth. For DLI in particular, the adoption of the new tax methodology materially improves long-term projected cash flows. The tax changes are also beneficial to all of IIP's portfolio companies.

On 30 September, the Government of India announced "Unlock 5.0" to further open up economic activity following consultations with states and ministries. Restrictions have been relaxed for more commercial and social activities, gatherings and movement of people and goods across state lines. There will remain strict controls in containment zones, but the measures are expected to improve output and support a gradual economic recovery.

IIP's hydro assets performed in line with expectations during the period. There was some disruption to administrative functions and localised delays, but overall the impact of COVID-19 has been limited with all sites accessible and fully staffed during the period. The impact at Indian Energy Limited ("IEL") was greater, with one wind farm project, Theni, which sells power under a Group Captive Scheme to manufacturing and retail customers, experiencing lower consumption of power particularly during lockdown.

Border tension with China increased in June, with a clash between military personnel in the northern Himalayan Galwan Valley. Although both India and China expressed their intention to resolve the conflict diplomatically, both countries have maintained a military presence in the region. In response to the border conflict, both Indian and Chinese customs officials have been holding up consignments from the respective countries creating backlogs at the ports and airports and more bottlenecks for logistics operators. The Government of India also initiated an anti-dumping probe on several products from China which may result in the imposition of duties as a countermeasure. These actions have resulted in lower import volumes.

Financial performance

As at 30 September 2019, the value of the IIP Group's investments in its subsidiaries was £254.4 million (£262.0 million 31 March 2020; £259.2 million 30 September 2019). The Indian Rupee weakened at the end of the period with a GBP:INR rate of 94.64 as at 30 September 2020 against 92.48 as at 31 March 2020 and 86.92 as at 30 September 2019. The risk-free rate of return, based on the Indian 10-year bond, decreased to 6.01% as at 30 September 2020, from 6.17% as at 31 March 2020 and 6.68% as at 30 September 2019.

Transport

DLI is a supply chain transportation and container infrastructure company and one of the largest private operators in India with a nationwide network of terminals and a high quality road and rail transportation fleet. The COVID-19 pandemic has had an unprecedented impact on the logistics sector and more broadly, upended the entire Indian social, political and economic landscape. The most recent Government guidelines further relax restrictions – including measures relating to the movement of people and goods across state lines – which is expected to improve output and support an economic recovery. Although there is evidence of a gradual uptick in activity, operations across most industrial sectors remain at low capacity.

Freight volumes, particularly imports, remain depressed and are unlikely to pick up in the near term. This continues to fuel aggressive discounting amongst operators in the logistics sector. Despite DLI's best efforts to avoid the tactics being deployed by some competitors, there has been some erosion of volumes and the team remain focused on profitable segments. The terminal at Nagpur continues to operate and although there is lower throughput, the facility maintained market share of around 40% during the period.

Nagpur received regulatory clearance from Indian Railways to operate its Private Freight Terminal. Work at Bangalore is essentially complete and DLI anticipate commencing initial operations in Q1 of calendar year 2021, following site inspections and other administrative procedures. Work in the NCR and Chennai was on hold for much of the reporting period as a result of local COVID-19 lockdowns and restrictions and the team is now focussed on finalising site access and other approvals.

Energy

India Hydropower Development Company's ("IHDC") overall production was significantly higher than the same period last year due to higher production at the Bhandardara projects and Raura ramping up to full capacity. IHDC is currently selling Raura's power to the Himachal Pradesh State Electricity Board but remains in discussions with various private offtakers. The team have not been able to secure construction access at the Melan site which will likely result in the completion schedule being pushed out to fiscal year 2025.

Overall production at Indian Energy Limited ("IEL") was lower than the same period last year. The Theni project, which sells power under a Group Captive Scheme to manufacturing and retail customers, experienced lower consumption of power as a result of the pandemic lockdowns. Subsequent to the period end however, Theni has seen improved power consumption and tariffs have been maintained despite downward pressure. At Gadag, there was very low wind resource during the period.

At Shree Maheshwar Hydel Power Corporation Limited ("SMH"), in July 2019, SMH entered a memorandum of understanding with the project's lead lender and the project promoter. The project promoter was given management control of SMH and the lenders provided the project promoter with six months to propose, and a further six months to implement, an agreeable settlement with the lenders and to secure appropriate financing to complete the project.

The promoter did not secure the required funding and SMH received a termination order with regard to the historical Power Purchase Agreement ("PPA") and Resettlement & Rehabilitation Agreement ("R&R Agreement") from M.P. Power Management Company Limited, a company owned by the Government of Madya Pradesh. Without a valid PPA and no visibility into completion financing, it is impossible to prepare reasonable forecasts. Although IIP retains legal options to extract value for its investment, until further clarity emerges, it is assumed that SMH has no contribution to IIP's valuation.

Company liquidity and financing

As at 30 September 2020, the IIP Group had unaudited cash and cash equivalents available of £30.8 million.

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

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

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

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

In March 2020, when COVID-19 was declared a global pandemic, the economic landscape changed dramatically. Although lockdowns and other restrictions are now localised, the pandemic remains a dominant feature and it remains difficult to predict when the wider market will return to normal levels. The Group has therefore carried out sensitivity analysis to assess the implications of different scenarios on future cash flows. This includes a moderation in volumes and margins at DLI to reflect the potential continued impact of COVID-19 which, in that scenario, could result in a negative impact to valuation of approximately £10 million.

Despite the extraordinary upheaval encountered by all businesses in India during the pandemic, infrastructure assets are long term and the IIP Board believes that the prospects of the logistics markets in India remain strong.

We will continue to update shareholders on progress at DLI as well as developments across IIP's portfolio of assets in the period ahead.

Tom Tribone & Sonny Lulla
17 December 2020

REVIEW OF INVESTMENTS

Distribution Logistics Infrastructure Private Limited (“DLI”)

Description	Supply chain transportation and container infrastructure company with a large operational road and rail fleet; developing four large container terminals across India.		
Promoter	A subsidiary of IIP		
Date of investment	**Mar 2011**	**Oct 2011**	**Jan 12- Sep 2020**
Investment amount	£34.8 million	£58.4 million	£168.2 million
Aggregate percentage interest	37.4%	99.9%	99.9%
Investment during the period	Nil		
Valuation as at 30 Sep 2020	**£224.4 million**		
Project debt outstanding as at 30 September 2020	£71.1 million		

Key developments

- The COVID-19 pandemic continues to impact all aspects of industrial activity and this has slowed DLI’s completion schedules.
- There has been gradual improvement in economic activity following the latest Government guidelines of “Unlock 5.0”.
- The management team has implemented several cost control measures and is focused on profitable segments.
- DLI has received approval from Indian Railways for its Private Freight Terminal at Nagpur.
- Discussions have progressed with DLI’s existing lenders to restructure its debt with lower interest rates and a moratorium on interest and principal repayments.
- Exports have returned to almost pre-COVID levels while imports remain over 25% lower on the same metric.

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

For the first six months of the fiscal year, DLI has been managing the many challenges related to COVID-19. The reduced movement of goods and raw materials, both domestic and export-import, saw big falls in freight volumes as well as bottlenecks with closures across the supply chain and containers needing repositioning. The national and local lockdowns resulted in worker migration to their hometowns and a critical shortage of labour which has not yet unwound.

The Government of India issued several guidelines to relaxing lockdown and other restrictions, with the latest “Unlock 5.0” an effort to both aid and boost the economy. Challenges remain however, with continued lack of labour and equipment and a slow recovery in demand impacting manufacturing activity. DLI management expect volumes to remain slack in some segments but gradually improve in the coming months.

With lower volumes across the logistics sector and aggressive discounting amongst operators, DLI implemented several overhead expense reductions during the period and identified alternative revenue opportunities. Work at the terminal in Bangalore was largely completed and DLI anticipate initial operations to commence in Q1 of 2021. At Nagpur, DLI received the final regulatory clearance from Indian Railways for its Private Freight Terminal.

Efforts to restructure DLI's debt are advancing. The lenders have made progress in evaluating the proposal and the management team is hopeful that the terms will be agreed in the coming months. DLI has requested a moratorium on interest and principal repayments for 18 months (in addition to the 6-month moratorium granted by the Government as part of the COVID-19 relief package) as well as an interest rate reduction.

Ongoing tension between India and China has heightened India's focus on reducing dependence on imports in key sectors such as pharmaceutical, textiles, electronics, chemicals, automotive components and agriculture-based products. The Government of India has put in place anti-dumping probes on various imported products from China which has resulted in declining trade and volumes. Although the focus is through non-tariff barriers (obstacles which are not in the form of a duty), the probes may result in the imposition of duties as a countermeasure.

Valuation

DLI management has undertaken a detailed financial review and projections for the second half of the fiscal year. The valuation reflects revised business and construction assumptions, including the delays in commencement of projects and a moderation in volumes from the continued impact of COVID-19.

As at 30 September 2020, the NPV of future IIP cash flows for DLI using the above assumptions was £224.4 million. When adjusted for debt from Holdco, the valuation is £188.1 million. The discount rate is 13% and based on a stated methodology of a risk-free rate based on the Indian 10-year bond with a risk premium of 6.0% for construction. For this period, a risk premium of 7% was applied as the impact of COVID-19 has been applied directly to business assumptions. The positive impact of the period roll-over and lower risk-free rate were offset by depreciation of INR against GBP and a moderation of volumes and margins, as well as delayed commencement of terminal operations as a result of the global pandemic.

India Hydropower Development Company LLC (“IHDC”)

Description	IHDC develops, owns and operates small hydropower projects with seven fully operational plants (74 MW of installed capacity), and a further 13 MW of capacity under development or construction.		
Promoter	Dodson-Lindblom International Inc. (“DLZ”)		
Date of investment	**Mar 2011**	**Jan 2012**	**May 2012**
Investment amount	£25.7 million	£0.3 million	£1.1 million
Aggregate % interest	50%	50%	50%
Investment during the period	Nil		
Valuation as at 30 Sep 2020	**£22.0 million**		
Project debt outstanding as at 30 September 2020	£14.6 million		

Key developments

- Overall generation from IHDC's projects was higher than the corresponding period last year, largely as a result of higher generation at the Bhandardara projects in Maharashtra and the Raura project in Himachal Pradesh.
- In August, Raura ramped up to full capacity following the installation of replacement runners. IHDC is selling power to the State electricity board while in discussion with private offtakers.
- IHDC has had only limited administrative disruption from COVID-19, with all plants operating and fully staffed.

Investment details

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

Project update

Overall generation from IHDC's projects was 135.8 GWh in the first half of the fiscal year against 81.0 GWh during the same period last year. The increased production was largely a result of higher production at both Bhandardara projects in Maharashtra and the Raura project in Himachal Pradesh ramping up to full production.

Raura ramped up to full capacity in August following the installation of replacement runners and IHDC is currently selling the plant’s power to Himachal Pradesh State Electricity Board while in discussion with private offtakers. At Melan, the team have not been able to secure construction access which is expected to result in the completion schedule being pushed out to fiscal year 2025.

The Birsinghpur project has been running at lower capacity due to curtailed operations at the Sanjay Gandhi Thermal Power Plant. Birsinghpur is located on the return cooling canal of the thermal plant. Production is expected to shortly return to normal levels. At Panwi, some silting issues persist and generation at Darna was lower due to a leak at an upstream irrigation dam, which requires repairs by the Government of Maharashtra.

Valuation

The IHDC portfolio was valued in accordance with the Company's stated valuation methodology by using a composite risk premium of 2% over the risk-free rate of 6.01%. The composite risk premium is computed using a MW-based weighted average of risk premia of individual assets related to their stage of operation.

The value for the IHDC investment as at 30 September 2020 was £22.0 million. Adjustments were made to the income from Renewable Energy Certificates (REC's) in line with revisions to REC pricing in the industry, although the current pricing is expected to be temporary. In addition to REC's, other factors which impacted the valuation are the delay in projected commissioning of Melan and currency devaluation.

Indian Energy Limited ("IEL")

Description	An independent power producer with 41.3 MW installed capacity over two operating wind farms.	
Promoter	IIP	
Date of investment	**Sep 2011**	**Oct 2011 – Dec 2012**
Investment amount	£10.6 million	£0.9 million
Aggregate % interest	100%	100%
Investment during the period	Nil	
Valuation as at 30 Sep 2020	**£8.0 million**	
Project debt outstanding as at 30 September 2020	£6.9 million	

Key developments

- Overall generation from IEL's two projects during the period to September 2020, was lower than the same period last year.
- Gadag was impacted by low wind speed in months of July and August.
- Both projects had issues with O&M contractors and timely maintenance and replacement of parts. IEL signed a new O&M vendor for Gadag which should result in both timely maintenance and cost savings.
- Theni, which sells power under a Group Captive Scheme to manufacturing and retail customers, experienced lower consumption of power particularly during lockdown. Consumption is now recovering.
- The team has implemented overhead expense reductions.

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 42.6 GWh during the current fiscal year against 50.6 GWh during the previous year. The decrease was a result of lower wind speed and delays in repair and maintenance caused by O&M service providers, as well as the national lockdown and other local restrictions.

With the onset of COVID-19 and the subsequent national lockdown, the Theni project, which sells power under a Group Captive Scheme to manufacturing and retail customers, experienced lower consumption of power. However, subsequent to the period end, Theni has seen improved power consumption in line with industrial activity and tariffs have been maintained despite downward pressure.

There were delays in generator maintenance caused by O&M service providers. The company has since signed a new O&M contract with a vendor at Gadag which should result in more timely maintenance as well as cost savings. The team has taken proactive steps to minimise production losses which has resulted in better performance and machine availability.

IEL has submitted proposals to its lenders for the restructuring of its long-term debt for both projects. The team has also implemented overhead expense reductions.

Valuation

Long term generation estimates have been revised to reflect the historical 10-year average values which are considered more realistic than adjusted values from wind resource studies. Following the difficulties with timely maintenance and availability of parts from O&M providers, O&M expenses have been adjusted upwards as a cautious measure.

Further adjustments were also made to tariff rates. The savings in operating expenses, reduced taxation, lower debt and lower risk-free rate were the principal drivers of IEL's valuation. The NPV of future cash flows for IIP, after accounting for these adjustments, was £8.0 million as at 30 September 2020.

Consolidated Statement of Comprehensive Income
for the period ended 30 September 2020

	Note	(Unaudited) 6 months ended 30 September 2020 £'000	(Unaudited) 6 months ended 30 September 2019 £'000	(Audited) Year ended 31 March 2020 £'000
Movement in fair value on investments at fair value through profit or loss	10	(7,613)	57,163	50,794
Foreign exchange gain/(loss)		5,870	(3,214)	(5,756)
Asset management and valuation services	8	(2,964)	(2,790)	(5,552)
Other administration fees and expenses	7	(1,921)	(1,757)	(3,293)
Operating (loss)/profit		(6,628)	49,402	36,193
Finance costs	14	(13,153)	(6,335)	(18,159)
(Loss)/profit before taxation		**(19,781)**	**43,067**	**18,034**
Taxation		-	-	-
(Loss)/profit for the period		**(19,781)**	**43,067**	**18,034**
Other comprehensive income		-	-	
Total comprehensive income		**(19,781)**	**43,067**	**18,034**
Basic and diluted loss per share (pence)	9	(2.90)p	6.32p	2.64p

The Directors consider that all results derive from continuing activities.

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

Consolidated Statement of Financial Position
as at 30 September 2020

	Note	(Unaudited) 6 months ended 30 September 2020	(Unaudited) 6 months ended 30 September 2019	(Audited) Year ended 31 March 2020
	Note	**£'000**	**£'000**	**£'000**
Non-current assets				
Investments at fair value through profit or loss	10	254,388	259,233	262,001
Total non-current assets		254,388	259,233	262,001
Current assets				
Debtors and prepayments		1,171	64	96
Cash and cash equivalents		30,801	28,328	38,257
Total current assets		31,972	28,392	38,353
Total assets		286,360	287,625	300,354
Current liabilities				
Trade and other payables		(1,841)	(1,658)	(1,831)
Current loans and borrowings	14	-	-	-
Total current liabilities		(1,841)	(1,658)	(1,831)
Long term liabilities				
Loans and borrowings	14	(180,199)	(136,832)	(174,422)
Total long term liabilities		(180,199)	(136,832)	(174,422)
Total liabilities		(182,040)	(138,490)	(176,253)
Net assets		**104,320**	**149,135**	**124,101**
Equity				
Ordinary shares	11	6,821	6,821	6,821
Share premium	11	282,808	282,808	282,808
Retained earnings		(185,309)	(140,494)	(165,528)
Total equity		**104,320**	**149,135**	**124,101**

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

These financial statements were approved by the Board on 17 December 2020 and signed on their behalf by

Sonny Lulla
Chief Executive

Graham Smith
Director

Consolidated Statement of Changes in Equity
for the period ended 30 September 2020

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
Balance at 1 April 2019	6,803	282,787	(183,562)	106,028
Issued of ordinary shares	18	21	-	39
Profit for the period	-	-	43,067	43,067
Balance at 30 September 2019	**6,821**	**282,808**	**(140,494)**	**149,135**
Balance at 1 April 2019	6,803	282,787	(183,562)	106,028
Issued of ordinary shares	18	21	-	39
Profit for the year	-	-	18,034	18,034
Balance at 31 March 2020	**6,821**	**282,808**	**(165,528)**	**124,101**
Balance at 1 April 2020	**6,821**	**282,808**	**(165,528)**	**124,101**
Profit for the period	-	-	(19,781)	(19,781)
Balance at 30 September 2020	**6,821**	**282,808**	**(185,309)**	**104,320**

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

Consolidated Statement of Cash Flows
for the period ended 30 September 2020

	Note	(Unaudited) 6 months ended 30 Sep 2020 £'000	(Unaudited) 6 months ended 30 Sep 2019 £'000	(Audited) Year ended 31 Mar 2020 £'000
Cash flows from operating activities				
(Loss)/profit for the period		(19,781)	43,067	18,034
Adjustments:				
Finance costs		13,153	6,371	18,159
Movement in fair value on investments at fair value through profit or loss	10	7,613	(57,163)	(50,794)
Accrued share expense		9	39	39
Foreign exchange (gain)/loss		(5,870)	3,214	5,756
		(4,876)	(4,472)	(8,806)
Increase/(decrease) in creditors and accruals		9	(92)	80
(Increase)/decrease in debtors and prepayments		(1,084)	33	2
Net cash utilised by operating activities		**(5,951)**	**(4,531)**	**(8,724)**
Cash flows from investing activities				
Loan received		-	-	82,848
Funding of investment companies	10	-	(22,694)	(31,831)
Cash utilised by investing activities		**-**	**(22,694)**	**51,017**
Cash flows from financing activities				
Loans received		-	59,625	-
Loans repaid		-	(5,781)	(5,781)
Interest paid		-	(36)	-
Net cash generated from financing activities		**-**	**53,808**	**(5,781)**
(Decrease)/increase in cash and cash equivalents		**(5,951)**	**26,583**	**36,512**
Cash and cash equivalents at the beginning of the period		38,257	1,652	1,652
Effect of exchange rate fluctuations on cash held		(1,505)	93	93
Cash and cash equivalents at the end of the period		**30,801**	**28,328**	**38,257**

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

Selected notes to the interim consolidated financial statements
for the six months ended 30 September 2020

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 quoted on the AIM market of the London Stock Exchange.

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

The Company has no employees.

2. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2020.

These interim consolidated financial statements were approved by the Board of Directors on 17 December 2020.

3. Basis of consolidation

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

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

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

As an investment entity under the terms of the amendments to IFRS 10 the Company is not permitted to consolidate its controlled portfolio entities. The consolidated financial statements incorporate the financial statements of the Company and the financial statements of the intermediate investment holding companies. Control is achieved where the Company has the power to govern the financial and operating policies of an entity company so as to obtain benefits from its activities.

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

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

4. Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2020.

5. Critical accounting estimates and assumptions

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

Actual results may differ from these estimates. In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2020.

During the six months ended 30 September 2020 management reassessed its estimates in respect of:

(a) *Estimate of fair value of unquoted investments*

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

(b) *Estimate of fair value of subsidiaries*

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

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

6. Financial risk management policies

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2020.

7. Other administration fees and expenses

	6 months ended 30 September 2020 £'000	**6 months ended 30 September 2019 £'000**	**Year ended 31 March 2020 £'000**
Audit fees	50	23	87
Legal fees	252	43	108
Corporate advisory fees	77	53	369
Other professional costs	1,294	1118	1,828
Administration fees	101	80	180
Directors' fees	45	90	208
Insurance costs	5	5	10
Loan arrangement related fees	-	209	209
Travel and entertaining	-	55	179
Other costs	97	81	115
	1,921	**1,757**	**3,293**

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

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

Under the New Management Agreement, the Asset Manager is entitled to a fixed annual management fee of £5.5 million 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 (see note 11).

Fees including accrued Fee Shares for the period ended 30 September 2020 were £2,964,000 (30 September 2019: £2,790,000).

There were no performance fees paid during the period (30 September 2019: nil).

9. Basic and diluted earnings per share

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

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

	Group 30 September 2020	**Group 30 September 2019**	**Group 31 March 2020**
(Loss)/profit for the period (£ thousands)	(19,781)	43,067	18,034
Weighted average number of shares (thousands)	681,882	681,630	681,882
Basic and diluted (loss)/earnings per share (pence)	(2.90)p	6.32p	2.64 p

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

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

	IHDC £'000	**DLI £'000**	**IEL £'000**	**Total £'000**
Balance at 1 April 2020	23,522	231,400	7,079	262,001
Fair value adjustment	(1,492)	(7,005)	884	(7,613)
Balance as at 30 September 2020	22,030	224,395	7,963	254,388

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

As noted in the 31 March 2020 financial statements, it is assumed that SMH has no contribution to IIP's valuation.

The investments in IHDC, IEL and DLI have been fair valued by the Directors as at 30 September 2020 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 3.02% for IHDC, 2.00% for IEL and 7% for DLI (31 March 2020: risk premium of 3.02% for IHDC, 2.00% for IEL and 7% for DLI).

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

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

As at 30 September 2020, 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:

DLI NPV 30 September 2020 (£, millions)		Discount Rate			
		12.0%	13.0%	14.0%	15.0%
₹/£ Exchange Rate	98.6	252.6	215.3	185.9	162.2
	96.6	257.8	219.8	189.8	165.6
	94.6	263.2	**224.4**	193.8	169.1
	92.6	268.9	229.2	197.9	172.7
	90.6	274.9	234.3	202.3	176.5

IHDC NPV 30 September 2020 (£ million)		Discount Rate				
		8.03%	8.53%	9.03%	9.53%	10.03%
₹/£ Exchange Rate	98.6	23.5	22.3	21.1	20.1	19.1
	96.6	24.0	22.8	21.6	20.5	19.5
	94.6	24.5	23.2	**22.0**	20.9	19.9
	92.6	25.1	23.7	22.5	21.4	20.3
	90.6	25.6	24.3	23.0	21.8	20.8

IEL NPV 30 September 2020 (£millions)		Discount Rate				
		6.01%	7.01%	8.01%	9.01%	10.01%
₹/£ Exchange Rate	98.6	9.2	10.1	7.6	7.0	5.9
	96.6	7.1	7.8	7.8	7.1	6.0
	94.6	7.3	8.0	**8.0**	7.3	6.1
	92.6	7.4	8.1	8.1	7.4	6.3
	90.6	7.6	8.3	8.3	7.6	6.4

11. Share capital and share premium

	No. of shares Ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Balance at 1 April 2020	682,084,189	6,821	282,808
Issued during the period	-	-	-
Balance at 30 September 2020	682,084,189	6,821	282,808

Company has authorised share capital of 682,084,189 ordinary shares of £0.01 each.

As detailed in note 8, 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 30 September 2020, the accrued shares from 1 July 2020 to 30 September 2020, were 758,390 and the accrued share based payment expense for the period is £9,000.

12. Net asset value per share

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

	Group 30 September 2020	Group 30 September 2019	Group 31 March 2020
Net assets (£'000)	104,320	149,135	124,101
Number of shares in issue	682,084,189	682,084,189	682,084,189
NAV per share (pence)	**15.3p**	**21.9p**	**18.2p**

13. Group entities

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

Consolidated subsidiaries	**Country of incorporation**	**Ownership interest**
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Power Infrastructure India (Two)	Mauritius	100%
Distribution and Logistics Infrastructure India	Mauritius	100%
Hydropower Holdings India	Mauritius	100%
India Hydro Investments	Mauritius	100%
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%

14. Loans and borrowings

	Capital £'000	Interest £'000	Total £'000
Balance as at 1 April 2020	152,884	21,538	174,422
Interest charge for the period	-	13,153	13,153
Capitalised loan interest	13,497	(13,497)	-
Foreign currency (gain)/loss	(5,840)	(1,536)	(7,376)
Balance as at 30 September 2020	160,541	19,658	180,199

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

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

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

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

15. Related party transactions

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

16. Subsequent events

There were no significant subsequent events.

17. 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.

16. Subsequent events

There were no significant subsequent events.

17. 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.