ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

HALF-YEARLY REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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Investment Objective, Financial Information and Performance Summary

Investment Objective

The investment objective of the Ashoka India Equity Investment Trust PLC (the "Company") is to achieve long-term capital appreciation, mainly through investment in securities listed in India and listed securities of companies with a significant presence in India.

Financial information

	As at 31 December 2021 (unaudited)	As at 30 June 2021 (audited)
Net asset value ("NAV") per Ordinary Share (cum income)	198.9p	158.9p
Ordinary Share price	205.0p	162.5p
Ordinary Share price premium/(discount) to NAV[1]	3.1%	2.3%
Net assets	£197.0 million	£136.6 million

Performance summary

	For the six months ended 31 December 2021 (unaudited) % change[2,3]	For the six months ended 31 December 2020 (unaudited) % change[2,3]
Share price total return per Ordinary Share[1]	26.2%	39.1%
NAV total return per Ordinary Share[1]	25.2%	28.6%
MSCI India IMI Index (sterling terms)	15.4%	27.1%

1 Alternative Performance measures, see page 27.
2 Total returns in Sterling for the six month period.
3 Source: Bloomberg.

Alternative Performance Measures ('APMs')

The items in the Financial information and the Performance summary indicated in the footnote above, are considered to represent APMs of the Company. Definitions of these APMs together with how these measures have been calculated can be found on page 27.

Two years have passed since the world became aware of the likely severity of the COVID-19 virus but, at last, it feels as if things are returning to near-normal. International restrictions presently make travel more difficult and less attractive but economies have re-opened and output has risen in response to increased demand and consumption. In this respect, India has been in the vanguard.

Against this backdrop. I am pleased to present the Company's half-year financial report for the period 1 July 2021 to 31 December 2021, a successful period characterised by recovery in confidence and renewed optimism for the continued growth of the Indian economy.

Performance

In the period under review, the Company's share price and NAV have recorded total returns in sterling terms of 26.2% and 25.2% respectively, compared to the benchmark index, the MSCI India IMI, of 15.4%. This outstanding performance demonstrates the abilities of the investment management team to identify those companies most likely to benefit from a return of confidence as India eased itself out of the crisis. Part of this outperformance will be down to new investments in cutting-edge businesses but also by remaining invested in longer-term holdings that have since witnessed recovery in their share prices. As ever, the Investment Manager's report that follows goes into more detail.

The Company's shares traded at a premium to NAV (cum income) of 3.1% at the end of the period.

Share Issuance

Confidence in this Company's ability to weather the storm and produce outstanding returns was maintained throughout the year. This was demonstrated by demand from new and existing shareholders that resulted in the issuance of 9.8 million new shares in the period, raising gross proceeds of £19.6 million. As before, this demand was broadly based and reflected continued confidence in the long-term prospects for the Indian economy and this Company, which offers a stock-specific portfolio agnostic to style and the index. New shares are issued at a small premium to the prevailing net asset value to ensure no dilution to existing shareholders. The Company's net asset value and market capitalization at the period end were £197.0 million and £203.1 million respectively. As at the date of this report, a further 3,211,781 shares have been issued and the Company's total assets stood at £194.3 million.

Revenue and Dividends

The Company's principal objective is to provide returns through long-term capital appreciation, with income being a secondary consideration. Therefore, shareholders should not expect that the Company will pay an annual dividend, under normal circumstances. Whilst the portfolio does generate a small amount of income, this is used to defray running costs. However, the Company may declare an annual dividend to maintain UK investment trust status, if there is a sufficient surplus. In the period under review, no interim dividend has been declared.

Redemption Facility

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The third Redemption Point for the Ordinary Shares was on 30 September 2021. In order to accommodate a change of internal mandate by one of the Company's larger shareholders, the Board approved redemption requests totalling 5,386,826 shares. I am pleased to report that most of these redeemed shares were matched with demand from other shareholders. The Board has absolute discretion to operate the annual redemption facility on any given Redemption Point and to accept or decline in whole or in part any redemption request.

Shareholders are reminded that investment in a Company of this nature should only be considered if it is understood that the significant growth potential of the Indian equity market is likely to be achieved over the medium to longer term, a minimum of 5 years.

Outlook

The 2014 "Make in India" initiative is a major national programme designed to "facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure". There is evidence that this initiative is, at last, gaining traction with global companies keen to expand their manufacturing base in India, perhaps at the expense of other emerging markets. Whilst it has taken time, a renewed commitment to this campaign can only benefit growth opportunities in the domestic economy. The pace of this economic recovery, coupled with a successful vaccination programme, puts India in a strong position to be amongst the fastest growing economies over the next two years.

Your Investment Managers and Advisers remain focused on strong corporate governance, applied before each stock is selected for the portfolio, an approach strongly supported by the Board. The portfolio's constituents are selected for their superior future growth prospects and avoidance of misgovernance, wherever possible, is highly desirable. In the Company's Monthly Factsheet for December 2021 (available on the website), White Oak Capital Management, the Company's Investment Adviser, goes into some detail on the relative attraction of the Indian market, a key observation being the strength of corporate governance. This is recommended reading for all shareholders.

Your Board believes that little has changed in terms of India offering an exciting opportunity to invest for the longer term in a vibrant, growth-driven economy. Inflation worldwide remains a threat to growth but India's more domestic-led economy, where the Government is able to demonstrate an ability to better manage inflationary pressures, may act as a possible hedge against such a risk.

Your Investment Managers and Advisers remain focused on delivering outstanding returns from a diversified portfolio of investments from across the market cap spectrum. As ever, I thank you for your continued support of this Company.

Andrew Watkins
Chairman
4 March 2022

During the second half of 2021, the Company's NAV total return generated 9.8% of outperformance versus the MSCI India IMI Index in sterling terms. The Company delivered 25.2% compared to 15.4% for MSCI India IMI. Since 31 July 2018 (the date post IPO when the Company was fully invested), the Company has delivered 56.2% of net cumulative outperformance, with a 100.3% absolute return compared to the benchmark return of 44.1%, both in sterling terms.

Key contributors

Laxmi Organic Industries

Laxmi Organic Industries is a specialty chemicals company and amongst the largest manufacturers of Ethyl Acetate (a widely used solvent) with 30% market share. It is the lowest cost manufacturer of Ethyl Acetate and is now transforming into a high value-added business by venturing into niche products and chemistries. Post the acquisition of Clariant's business unit in 2010, Laxmi Organics is the only manufacturer of Diketene derivatives, an industrial intermediate, in India. Additionally, the company is expanding into another platform through the acquisition of Miteni in Italy which is a niche fluorochemical manufacturer with a unique portfolio of products. We expect the profit contribution from value added business to increase materially from 55% in 2020 to 80% in 2025. The stock appreciation during the period is attributed to expanding profitability margins and robust operating performance.

Coforge

Coforge is a fast-growing, mid-sized Information Technology services company, present across three major verticals – travel & transportation, insurance, and banking & financial services – which collectively account for 70% of revenues. It has a niche positioning in both travel as well as insurance verticals. The company underwent a management change three years ago and under the new leadership has consistently demonstrated strong improvement across all KPIs including order intake, number of million-dollar clients, large deal wins, digital business growth and client diversification. The company's stock price appreciated due to its industry leading operating performance.

Persistent Systems

Persistent Systems is a mid-sized Information Technology services company with expertise in healthcare, life sciences and financial services verticals, and a niche positioning in adjacent areas such as health-tech and fin-tech. The company has forged strong partnerships with leading enterprise software ecosystems such as Salesforce, Appian, and Snowflake. It also has strong capabilities in product engineering services with companies such as IBM, CISCO, Intuit and Dassault Systems as key customers. The business has de-risked its revenue base, lowered client concentration and has seen an increase in the number of large accounts. The stock has outperformed on the back of a strong growth outlook with several margin levers able to drive healthy free cash flow growth over the coming years.

Key Detractors

CarTrade

CarTrade is the leader in business to business ('B2B') auctions of used vehicles and is the number two player in online auto classifieds in India. The B2B auctions segment is moving towards organized technology led platforms offering an omnichannel experience. Growth in the online auto classifieds segment is driven by under-penetration of digital advertising spend, market share gains from offline advertising mediums and a structural increase in car ownership. A profitable duopoly market structure presents scope for good operating leverage and margin expansion. The company's leadership team has decades of experience in the automotive and technology sectors. CarTrade has several growth options including cross-selling insurance & loans products and providing repair & maintenance services. The stock underperformed during the period due to concerns around increased competitive intensity.

Axis Bank

Axis Bank is one of the leading private sector banks in India. It underwent a leadership change in 2019 with Amitabh Chaudhry taking charge as CEO. Management has set out a new vision and is driving significant changes in culture, systems and processes as it embarks on a renewed strategy to drive profitable and sustainable growth. Well run private sector banks are gaining market share from poorly run government owned banks, which account for two-thirds of the industry, both on loans as well as low-cost retail deposits. Axis Bank, with its industry leading deposit franchise and strong execution capabilities, is expected to benefit from this structural trend. Subdued operational performance in recent quarters and a general weakness in financials overall have been key drivers for stock underperformance.

Sequent Scientific

Sequent Scientific is a leader in the animal pharmaceutical segment. It manufactures Active Pharmaceutical Ingredients ('API's') and formulations catering to the Indian market as well as global markets including Brazil, Turkey, Spain, Africa, and the Middle East. The company is adding new growth levers on the back of penetration with the Top 10 animal pharma customers and entry into animal vaccines in India and Turkey. The stock unperformed during the period because of multiple headwinds arising from: heightened currency volatility in Turkey and Brazil, raw material cost pressures and high freight rates; and transient inventory destocking by several customers.

Investment Outlook

The highlight over the last few quarters has been the pace of economic recovery which has surprised on the upside. Global agencies such as the IMF, World Bank and Asian Development Bank, suggest India is likely to emerge as the fastest growing major economy in the world between 2021-2023. With this backdrop of favourable global growth, India is also benefiting from the supply side reforms which have been undertaken over the last few years.

Also aiding the economic recovery is the accelerated pace of vaccination. India's vaccination roll-out has been among the largest globally, with over 1.7 billion doses administered by the end of January 2022. Almost 80% of the total adult population has received two vaccine doses and in large urban centres, the adult vaccination rate is closer to 100%. Recently, the government has allowed booster doses for frontline workers and senior citizens, while also approving the vaccination of 15 to 18-year-olds. It is expected that the vaccination roll-out for this age-group will be completed by mid-March 2022 which will lead to further relaxations in contact intensive sectors.

Despite a third COVID-19 wave with daily cases reaching 300,000, industrial activity remained relatively unaffected. High frequency indicators such as indirect tax receipts, the movement of goods under India's Goods and Services Tax regime and railway freight data continued to witness positive momentum. Manufacturing Purchasing Manager's Index ('PMI') also improved in the December quarter, averaging 57.0 versus 54.0 in September 2021. According to IHS Markit, the PMI readings for new orders and output expanded for all sectors, with improvement in consumer goods being the highest.

The government continues to support the economy through supply side measures. In fact, through the Pandemic, infrastructure spending in sectors such as roads, railways and water & sanitation have been a focus area for the Union Government. Public sector capex spending has been strong, with a two-year Compound Annual Growth Rate ('CAGR') of 20% for the Financial Year 2022 to date. As a proportion of GDP, capital expenditure is edging closer to the strong levels seen between 2003 and 2006. There is also early evidence of a rally in private sector capex in asset heavy sectors like cement and steel, due to significantly improved operating performance in these industries. Additionally, there is strong demand for real estate after a decade of sluggish growth. The revival of the housing cycle is driven by the best ever affordability and an eight-year low in unsold inventory. This has created a positive price and demand momentum. The government also announced an $80 billion National Monetisation Pipeline ('NMP'). Through the NMP, the government is likely to monetise operational infrastructure assets over the next three years to secure funding for green-field capex.

In 2020 to 2021, India progressed further on achieving its Sustainable Development Goals ("SDGs"). There is a clear top-down policy thrust with India being one of the earliest countries to put in place clear targets. In the 2021 United Nations Climate Change Conference, commonly known as COP-26, India pledged to achieve net-zero carbon emissions by 2070. Apart from this net-zero target, India also stated that it will fulfil 50% of its energy requirements from renewable sources by 2030, thus reducing the carbon intensity of the economy by 45% from 2005 levels. India had previously committed to reducing this by 33-35% from 2005 levels. Notably, India's renewable capacity has tripled in the last eight years to approximately 101 Gigawatts ('GW'), representing 26% of total energy production (including 46 GW of solar energy) with a cumulative investment of $90 billion in renewable energy generation in the last six years.

The recently announced Financial Year 2023 Union Budget lays a stress on both capacity building as well as highlighting the government's commitment to achieve energy transition and climate change related goals. Seen as a continuation of the Financial Year 2022 budget which was universally hailed as a pro-growth and pro-reforms budget, the government has sought to support the ongoing recovery process through supply side measures. Besides a general thrust on public capex, there is a particular emphasis on strengthening logistics, building digital ecosystems and sustainable energy infrastructure. The budget announcements look to build on the recent gains in the manufacturing and export driven sectors with an expanded Production Linked Incentive ("PLI") scheme for manufacturing high-efficiency modules and design-led manufacturing to build a strong ecosystem for 5G networks.

The Financial Year 2023 Union Budget may have been conservative in its disinvestment target, but projections should not undermine the process for strategic disinvestments which have been underway for last two years for many state-owned enterprises. One of the key events of the last year was the privatisation of Air India, India's national carrier. Air India's privatisation process was initiated by the government in 2014 and has seen many setbacks including the impact of COVID-19 on the airline sector. Successful completion of this deal is a major milestone for the privatisation roadmap outlined by the government, although there have been slippages in some of the other government privatisation initiatives.

The revival in export growth has been the cornerstone of the economic recovery process. On a two-year CAGR basis, merchandise exports are up by 13% and are on track to exceed $400 billion for 2022 after having stagnated in the $300 billion range for the last decade. Supply chain disruptions have accelerated the 'China+1' strategy for global companies with India emerging as a credible alternative. There is also policy support in the form of PLI schemes for key sectors and measures to improve the "Ease of Doing Business" which is also making a difference. In many sectors, India is still a marginal player but even a 1-2% incremental market share gain from China could result in high-teens growth rates going forwards.

On the services side as well, Indian IT companies are benefiting from a strong growth environment as enterprises globally undergo an accelerated digital adoption cycle. Software exports from India account for 12% of global IT Services and in dollar terms has grown at a healthy clip of 10% CAGR in the last 15 years. At more than $150 billion annually, India's IT exports have surpassed the oil import bill. This favourable dynamic provides a cushion against any external shocks. Also, at $640 billion, India has the fourth highest level of foreign exchange reserves in the world, a sizeable amount of firepower as global central banks look to unwind their stimulus packages.

From a corporate earnings standpoint, the last few reporting seasons have underscored the resilience of India's corporate universe. Favourable base effects have been at play while commodity sectors have benefitted from sustained high global prices. The underlying trends are reassuring. Market share consolidation in favour of stronger, larger players has been a steady phenomenon during the COVID-19 Pandemic, given the inability of the unorganized segment to deal with significant supply chain disruptions. Companies continue to focus on enhancing their distribution reach, particularly in rural areas and through e-commerce investments. The companies in the portfolio have shown immense resilience in dealing with the impact of the Pandemic due to their industry leadership, strong execution capabilities, backed by robust balance sheets. They are also better positioned to navigate the environment of high input costs. We expect them to emerge even stronger as economic recovery gathers pace. As per consensus estimates, the earnings growth for 2022 and 2023 is likely to be 32% and 17% for the benchmark Nifty universe which follows a near stagnation over the last decade.

Acorn Asset Management Ltd
4 March 2022

Top Ten Holdings

As at 31 December 2021	% of net assets
Laxmi Organic Industries Limited	5.9
Icici Bank Limited	5.6
Infosys Limited	4.9
Mphasis Limited	3.7
Asian Paints Limited	3.6
Coforge Limited	3.5
Persistent Systems Limited	3.2
Titan Co Limited	3.1
Nestle India Limited	2.7
Axis Bank Limited	2.5
Top ten holdings	**38.7**
Other holdings	59.6
Total holdings	**98.3**
Cash and other net liabilities*	1.7
Total net assets	**100.0**

* Other net liabilities include performance fee payable of £2.4 million, capital gain tax provision of £9.9 million and purchase for future settlement of £0.1 million.

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chairman's Statement and the Investment Manager's Report on pages 5 to 8 of this Half-Yearly Report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statement on related party transactions and the Directors' Responsibility Statement below, the Chairman's Statement and Investment Manager's Report together constitute the Interim Management Report of the Company for the six months ended 31 December 2021. The outlook for the Company for the remaining six months of the year ending 30 June 2022 is discussed in the Chairman's Statement and the Investment Manager's Report.

Principal and emerging risks and uncertainties

The principal and emerging risks and uncertainties to the Company are detailed on pages 14 to 16 of the Company's most recent Annual Report and Audited Financial Statements for the year ended 30 June 2021 which can be found on the Company's website at **https://www.ashokaindiaequity.com**. The principal and emerging risks and uncertainties facing the Company remain unchanged from those disclosed in the Annual Report for the year ended 30 June 2021 and the Board are of the opinion that they will continue to remain unchanged for the forthcoming six-month period. The principal and emerging risks and uncertainties facing the Company are as follows:

(i) market risks (economic conditions and sectorial diversification);

(ii) corporate governance and internal control risks (including cyber security);

(iii) regulatory risks; and

(iv) Financial risks.

Related party transactions

Details of the amounts paid to the Company's Investment Adviser and the Directors during the period are detailed in the notes to the Half-Yearly report and unaudited condensed financial statements (the "Financial Statements").

Going concern

The Half-Yearly Report has been prepared on a going concern basis. The Board considers this the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the following twelve-month period from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. As at 31 December 2021 the Company held £193.7 million (30 June 2021: £141.1 million) in quoted investments and had cash of £15.7 million (30 June 2021: £7.4 million).

In light of the COVID-19 pandemic, the Directors have considered the ongoing impact of the virus and the response of governments to it on the Company's portfolio of investments. Any prolonged and deep market decline would likely lead to falling values in the Company's investments. However, as explained above, the Company has more than sufficient liquidity available to meet its expected future obligations.

The market and operational risks associated with the COVID-19 pandemic, and the ongoing economic impact of measures introduced to combat its spread are discussed and monitored by the Board. The Investment Adviser, Administrator and other key service providers provide regular updates on operational resilience. The Board is satisfied that the key service providers have the ability to continue to operate efficiently in a remote or virtual working environment.

Unaudited

These Financial Statements have not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on the Review of Interim Financial Information.

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE HALF-YEARLY REPORT

The Directors confirm to the best of their knowledge that:

- these condensed set of financial statements contained within the Half-Yearly Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting; and,
- the Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's DTR.

Signed on behalf of the Board by

Andrew Watkins
Chairman
4 March 2022

Condensed Unaudited Statement of Comprehensive Income

For the six months ended 31 December 2021

		Six months ended 31 December 2021 (unaudited)			Six months ended 31 December 2020 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	41,272	41,272	-	25,875	25,875
Losses on currency movements		–	(28)	(28)	-	(38)	(38)
Net investment gains		**-**	**41,244**	**41,244**	**-**	**25,837**	**25,837**
Income	5	559	–	559	348	–	348
Total income		**559**	**41,244**	**41,803**	**348**	**25,837**	**26,185**
Performance fees	7	–	(2,437)	(2,437)	-	(2,267)	(2,267)
Operating expenses	8	(312)	–	(312)	(263)	-	(263)
Operating profit before taxation		**247**	**38,807**	**39,054**	**85**	**23,570**	**23,655**
Taxation	9	(125)	(3,880)	(4,005)	(71)	(3,311)	(3,382)
Profit/(Loss) for the period		**122**	**34,927**	**35,049**	**14**	**20,259**	**20,273**
Earnings/(loss) per Ordinary Share	10	**0.13p**	**38.55p**	**38.68p**	**0.02p**	**29.80p**	**29.82p**

There is no other comprehensive income and therefore the 'Profit for the period' is the total comprehensive income for the period.

The total column of the above statement is the statement of comprehensive income of the Company. The supplementary revenue and capital columns, including the earnings per Ordinary Share, are prepared under guidance from the Association of Investment Companies ("AIC").

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 16 to 26 form an integral part of these financial statements.

Condensed Unaudited Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 (unaudited) £'000	30 June 2021 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	3	193,709	147,399
Current assets			
Cash and cash equivalents		15,719	7,447
Dividend receivable		–	59
Other receivables		85	604
Total current assets		**15,804**	**8,110**
Total assets		**209,513**	**155,509**
Current liabilities			
Purchases for future settlement		(123)	(3,227)
Other payables	6	(85)	(86)
Non-current liabilities			
Performance fee provision	7	(2,437)	(7,992)
Capital gains tax provision		(9,861)	(7,629)
Total liabilities		**(12,506)**	**(18,934)**
Net assets		**197,007**	**136,575**
Equity			
Share capital	12	991	860
Share premium account		74,351	49,099
Special distributable reserve	13	44,276	44,276
Capital reserve		77,393	42,466
Revenue reserve		(4)	(126)
Total equity		**197,007**	**136,575**
Net asset value per Ordinary Share	14	**198.9p**	**158.9p**

The notes on pages 16 to 26 form an integral part of these financial statements.

Condensed Unaudited Statement of Changes in Equity

For the six months ended 31 December 2021 (Unaudited)

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 July 2021		860	49,099	44,276	42,466	(126)	136,575
Profit for the period		–	–	–	34,927	122	35,049
Issue of Ordinary Shares*	12	131	25,581	–	–	–	25,712
Share issue costs		–	(329)	–	–	–	(329)
Closing balance as at 31 December 2021		**991**	**74,351**	**44,276**	**77,393**	**(4)**	**197,007**

For the six months ended 31 December 2020 (Unaudited)

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 July 2020		676	23,512	44,276	2,167	(181)	70,450
Profit for the period		-	-	-	20,259	14	20,273
Issue of Ordinary Shares	12	19	2,421	-	-	-	2,440
Share issue costs		-	(26)	-	-	-	(26)
Closing balance as at 31 December 2020		**695**	**25,907**	**44,276**	**22,426**	**(167)**	**93,137**

* During the period, the Company issued new Ordinary Shares of 9,834,990 with gross aggregate proceeds of £19.6 million. The Company also issued 4,239,763 Ordinary Shares in relation to settlement of the Investment Manager's performance fees of £7.9 million. 981,258 shares were redeemed and cancelled as part of the annual redemption amounting to £1.8 million.

The Company's distributable reserves consist of the special distributable reserve, capital reserve and revenue reserve.

The notes on pages 16 to 26 form an integral part of these financial statements.

Condensed Unaudited Statement of Cash Flows

For the six months ended 31 December 2021

	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000
Cash flows from operating activities		
Operating profit before taxation	39,054	23,655
Taxation paid	(1,859)	(474)
Decrease in receivables	579	56
Increase in payables	2,436	2,226
Gains on investments	(41,272)	(25,875)
Net cash flow used in from operating activities	**(1,062)**	**(412)**
Cash flows from investing activities		
Purchase of investments	(59,908)	28,608
Sale of investments	51,852	25,026
Capital distributions received	–	2,871
Net cash flow used in investing activities	**(8,056)**	**(783)**
Cash flows from financing activities		
Proceeds from issue of shares	17,719	2,440
Share issue costs	(329)	(26)
Net cash flow from financing activities	**17,390**	**2,414**
Increase in cash and cash equivalents	**8,272**	**1,219**
Cash and cash equivalents at start of period	7,447	1,629
Cash and cash equivalents at end of period	**15,719**	**2,848**

The notes on pages 16 to 26 form an integral part of these financial statements.

1. Reporting entity

Ashoka India Equity Investment Trust plc is a closed-ended investment company, registered in England and Wales on 11 May 2018. The Company's registered office is 6th Floor 125 London Wall, London, England, EC2Y 5AS. Business operations commenced on 6 July 2018 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange ("LSE"). The financial statements of the Company are presented for the period from 1 July 2021 to 31 December 2021.

The Company primarily invests in securities listed on any stock exchange in India and can invest in the securities of companies with a significant presence in India that are listed on stock exchanges outside India.

2. Basis of preparation and statement of compliance

These Condensed Unaudited Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 as required by DTR 4.2.4R, the Listing Rules of the LSE and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Audited Financial Statements for the year ended 30 June 2021.

The accounting policies applied in these Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 30 June 2021, which were prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements.

Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources and the impacts of the COVID–19 pandemic, are given on page 10. The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

Significant judgements and estimates

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 30 June 2021.

The Indian capital gains tax provision represents an estimate of the amount of tax payable by the Company. Tax amounts payable may differ from this provision depending when the Company disposes of investments. The current provision on Indian capital gains tax is calculated based on the long-term or short-term nature of the investments and the applicable tax rate at the period end. The short-term tax rates are 15% and the long-term tax rates are 10%. The estimated tax charge is subject to regular review including a consideration of the likely period of ownership, tax rates and market valuation movements.

As disclosed in the statement of financial position, the Company made a capital gains tax provision of £9.8 million (30 June 2021: £7.6 million) in respect of unrealised gains on investments held.

2. Basis of preparation and statement of compliance (continued)

(b) Adoption of new IFRS standards

New standards, interpretations and amendments adopted from 1 January 2022

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2022. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

New standards and amendments issued but not yet effective

The relevant new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. These standards are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Reference to the conceptual framework – amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Definition of accounting estimates - amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements.* The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023.

Segmental reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Company is engaged in a single segment of business, being investment in listed securities in India to achieve long-term capital appreciation. The financial information used by the Chief Operating Decision Maker to manage the Company presents the business as a single segment.

3. Investment held at fair value through profit or loss

a) Investments held at fair value through profit or loss

	As at 31 December 2021 (unaudited) £'000	As at 30 June 2021 (audited) £'000
Quoted investments	193,709	141,076
Unquoted investments	–	6,323
Closing valuation	**193,709**	**147,399**

b) Movements in valuation

	For the six months ended 31 December 2021 (unaudited) £'000	For the year ended 30 June 2021 (audited) £'000
Opening valuation	147,399	72,120
Opening unrealised gains on investments	46,121	6,841
Opening book cost	**101,278**	**65,279**
Additions, at cost	56,848	98,926
Disposals, at cost	(38,270)	(62,927)
Closing book cost	**119,856**	**101,278**
Revaluation of investments	73,853	46,121
Closing valuation	**193,709**	**147,399**

Transaction costs on investment purchases for the six months ended 31 December 2021 amounted to £43,000 (31 December 2020: £45,000) and on investment sales for the six months to 31 December 2021 amounted to £81,000 (31 December 2020: £49,000).

3. Investment held at fair value through profit or loss (continued)

c) Gains on investments

	For the six months ended 31 December 2021 (unaudited) £'000	For the year ended 30 June 2021 (audited) £'000
Realised gains on disposal of investments	13,664	11,041
Transaction costs	(124)	(263)
Movement in unrealised gains on investments held	27,732	39,280
Capital distributions received	-	2,871
Total gains on investments	**41,272**	**52,929**

Under IFRS 13 'Fair Value Measurement', an entity is required to classify investments using a fair value hierarchy that reflects the significance of the inputs used in making the measurement decision.

The following shows the analysis of financial assets recognised at fair value based on:

- **Level 1:** inputs that are quoted market prices (unadjusted) in active markets for identical instruments;

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

- **Level 3:** Inputs that are unobservable. This category includes all instruments for which 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 but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3. Investment held at fair value through profit or loss (continued)

The classification of the Company's investments held at fair value is detailed in the table below:

	As at 31 December 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments at fair value through profit and loss – Quoted investments	193,709	–	–	193,709

	As at 30 June 2021 (audited)			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments at fair value through profit and loss – Quoted investments	141,076	-	-	141,076
– Unquoted investments	-	-	6,323	6,323

The movement on the Level 3 unquoted investments during the period is shown below:

	As at 31 December 2021 (unaudited)	As at 30 June 2021 (audited)
	£'000	£'000
Opening balance	6,323	-
Disposals during the period	(6,323)	6,323
Closing balance	**-**	**6,323**

4. Financial risk management

At 31 December 2021, the Company's financial risk management objectives and policies are consistent with those disclosed in the Company's last Annual Report and Audited Financial Statements for the year ended 30 June 2021.

5. Income

	For the six months ended 31 December 2021 (unaudited) £'000	For the six months ended 31 December 2020 (unaudited) £'000
Income from investments		
Overseas dividends	559	348
Total income	**559**	**348**

6. Other payables

	As at 31 December 2021 (unaudited) £'000	As at 30 June 2021 (audited) £'000
Accrued expenses	85	86
Total other payables	**85**	**86**

7. Performance fees

	For the six months ended 31 December 2021 (unaudited)			For the six months ended 31 December 2020 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Performance fee provision	–	2,437	**2,437**	–	2,267	**2,267**

The Investment Manager does not receive a fixed management fee in respect of its portfolio management services to the Company. The Investment Manager will become entitled to a performance fee subject to the Company delivering excess returns versus the MSCI India IMI Index in the medium term. The performance fee will be measured over periods of three years, the first period ended on 30 June 2021 (approximately three years from the date of admission to trading on the LSE). The next performance fee will be payable on 30 June 2024.

The performance fee is calculated at a rate of 30% of the excess returns between adjusted NAV per Ordinary Share on the last day of the performance period and the MSCI India IMI Index (Sterling) over the performance period, adjusted for the weighted average number of Ordinary Shares in issue during the performance period.

As at 31 December 2021, the total outstanding performance fee payable amounted to £2,437,000 (30 June 2021: £7,993,000).

8. Operating expenses

	For the six months ended 31 December 2021 (unaudited) £'000	For the six months ended 31 December 2020 (unaudited) £'000
Administration & secretarial fees	73	64
Statutory audit fee*	20	18
Broker fees	16	15
Custody services	11	7
Directors' fees	64	56
Board meeting costs	3	-
Tax compliance and advice	15	10
Printing and public relations	25	18
Registrar fees	9	8
Legal Fees	20	13
FCA and other regulatory fees	5	8
Other expenses	51	46
Total other payables	**312**	**263**

* Auditor's remuneration excludes VAT.

9. Taxation

a) Analysis of charge in the period

	For the six months ended 31 December 2021 (unaudited)			For the six months ended 31 December 2020 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Capital gains tax provision	–	1,475	**1,475**	–	2,980	**2,980**
Realised Indian capital gains tax	–	2,405	**2,405**	–	331	**331**
Indian withholding tax paid	125	–	**125**	71	–	**71**
Total tax charge for the period	**125**	**3,880**	**4,005**	**71**	**3,311**	**3,382**

A deferred tax provision on Indian capital gains is calculated based on the long-term (securities held more than one year) or short-term (securities held less than one year) nature of the investments and the applicable tax rate at the period end. The short-term tax rate is 15% and the long-term tax rate is 10%.

b) Factors affecting the tax charge for the period

The effective UK corporation tax rate for the year is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	For the six months ended 31 December 2021 (unaudited) £'000	For the six months ended 31 December 2020 (unaudited) £'000
Operating profit before taxation	39,054	23,655
UK Corporation tax at 19% (2020: 19%)	7,420	4,494
Effects of:		
Indian capital gains tax provision	3,880	3,311
Gains on investments not taxable	(7,836)	(4,909)
Overseas dividends not taxable	(106)	(66)
Unutilised management expenses	522	481
Indian withholding tax paid	125	71
Total tax charge	**4,005**	**3,382**

10. Earnings per Ordinary Share

	For the six months ended 31 December 2021 (unaudited)			For the six months ended 31 December 2020 (unaudited)		
	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the period (£'000)	122	34,927	**35,049**	14	20,259	**20,273**
Earnings per Ordinary Share	0.13p	38.55p	**38.68p**	0.02p	29.80p	**29.82p**

Earnings per Ordinary Share is based on the profit for the period of £35,049,000 (31 December 2020: £20,273,000) attributable to the weighted average number of Ordinary Shares in issue during the six months ended 31 December 2021 of 90,592,560 (31 December 2020: 67,972,981).

11. Dividend

The Company's objective is to provide shareholder returns through capital growth with income being a secondary consideration. Therefore, it is unlikely that the Company will pay a dividend under normal circumstances.

12. Share capital

	As at 31 December 2021 (unaudited)		As at 30 June 2020 (audited)	
	No. of shares	£'000	No. of shares	£'000
Allotted, issued and fully paid:				
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	99,052,383	991	85,958,888	860
Total	**99,052,383**	**991**	**85,958,888**	**860**

Ordinary Shares

The Ordinary Shares have attached to them full voting, dividend and capital distribution rights and confer rights of redemption.

Between 1 July 2021 and 31 December 2021, 9,834,990 Ordinary Shares (30 June 2021: 18,310,388 Ordinary Shares issued) have been issued; raising aggregate gross proceeds of £19,563,000 (30 June 2021: £25,855,000). Additionally, during the period from 1 July 2021 and 31 December 2021 4,239,763 shares were issued to the Investment Adviser in respect of the performance fee for the period to 30 June 2021 of £7,993,000.

Since 31 December 2021, a further 3,211,781 Ordinary Shares have been issued with aggregate proceeds of £6.4 million. As at the date of this Annual Report, the total number of Ordinary Shares in issue is 102,264,164.

12. Share capital (continued)

The Company operates a voluntary redemption facility through which shareholders may request the redemption of all or part of their holding of redeemable Ordinary Shares of 1p each for cash on the last business day in September each year. On 3 September 2021, the Company announced that the total number of Ordinary Shares in respect of which valid redemption requests were received for the 30 September 2021 Redemption Point was 5,386,826. The Company subsequently announced on 1 October 2021, that 4,405,568 Ordinary Shares were matched with buyers and sold at a calculated Redemption Price of 187.98 pence per Ordinary Share and all shareholders who validly applied to have Ordinary Shares redeemed received payment at the Redemption Price per Ordinary Share on 14 October 2021. The balance of 981,258 Ordinary Shares was redeemed by the Company and cancelled.

Management shares

In addition to the above, on incorporation the Company issued 50,000 Management Shares of nominal value of £1.00 each.

The Management Shares are paid up as to one quarter of their nominal value. The holder of the Management Shares undertook to pay or procure payment of, one quarter of the nominal value of each Management share on or before the fifth anniversary of the date of issue of the Management Shares. The Management Shares are held by an associate of the Investment Manager.

The Management Shares do not carry a right to attend or vote at general meetings of the Company unless no other shares are in issue at that time. The Management Shares have been treated as equity in accordance with IFRS.

13. Special distributable reserve

As indicated in the Company's prospectus dated 19 June 2018, following admission of the Company's Ordinary Shares to trading on the LSE, the Directors applied to the Court and obtained a judgement on 4 December 2018 to cancel the amount standing to the credit of the share premium account of the Company. The amount of the share premium account cancelled and credited to a special distributable reserve was £44,275,898. This reserve may be used to fund dividend payments and to fund share repurchases, both into treasury or for cancellation.

14. Net asset value ("NAV") per Ordinary Share

Net assets per ordinary share as at 31 December 2021 is based on £197,007,000 (30 June 2021: £136,575,000) of net assets of the Company attributable to the 99,052,383 (30 June 2021: 85,958,888) Ordinary Shares in issue as at 31 December 2021.

15. Related party transactions

There were no fees payable to the Investment Manager as disclosed in Note 6.

White Oak Capital Management Consultants LLP provides investment advisory services to the Investment Manager and no fees are paid to them from the Company.

The annual remuneration of the Board from 1st July 2021 is £40,000 to the Chairman, £32,500 to the Chair of the Audit Committee, and £27,500 to the other Directors. From the same date, Directors have the option to receive their fees in cash or in shares in the Company.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 31 December 2021 (unaudited)	As at 30 June 2021 (audited)
Andrew Watkins	94,425	94,425
Jamie Skinner	79,642	75,023
Rita Dhut	79,958	74,425
Dr. Jerome Booth	60,486	54,839

16. Subsequent events

These were no significant events since the period end which would require revision of the figures or disclosure in the Financial Statements.

Alternative Performance Measures

Ordinary share price to NAV premium

The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per share.

		Page	As at 31 December 2021 (unaudited)	As at 30 June 2021 (audited)
NAV per Ordinary Share (pence)	a	2	198.9	158.9
Share price (pence)	b	2	205.0	162.5
Premium	**(b÷a)-1**		**3.1%**	**2.3%**

Share price/NAV total return

A measure of performance that includes both income and capital returns.

For the six months ended 31 December 2021 (unaudited)		Page	Share price	NAV
Opening at 1 July 2021 (p)	a	2	162.5	158.9
Closing at 31 December 2021 (p)	b	2	205.0	198.9
Total return	**(b÷a)-1**		**26.2%**	**25.2%**

For the six months ended 31 December 2020 (unaudited)		Page	Share price	NAV
Opening at 1 July 2020 (p)	a	2	98.5	104.1
Closing at 31 December 2020 (p)	b	2	137.0	133.9
Total return	**(b÷a)-1**		**39.1%**	**28.6%**

n/a = not applicable.

Directors, Investment Manager and Advisers

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Andrew Watkins (Chairman)
Jamie Skinner
Dr. Jerome Booth
Rita Dhut

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