India Capital
GROWTH FUND

Annual Report & Audited Financial Statements

2019

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

MANAGEMENT & ADMINISTRATION

DIRECTORS
Elisabeth Scott (Chairman)
Peter Niven
John Whittle

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(from 1 January 2019 to 4 August 2019)
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

(from 5 August 2019 to present)
1 Royal Plaza
Royal Avenue
St. Peter Port
Guernsey GY1 2HL

INVESTMENT MANAGER
Ocean Dial Asset Management Limited
13-14 Buckingham Street
London WC2N 6DF

ADMINISTRATOR AND SECRETARY
(from 1 January 2019 to 4 August 2019)
Apex Fund Services (Guernsey) Limited
1st Floor, Tudor House
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(from 5 August 2019 to present)
Apex Fund and Corporate Services (Guernsey) Limited
1 Royal Plaza
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CUSTODIAN
Kotak Mahindra Bank Limited
3rd floor, 27 BKC
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Bandra East
Mumbai 400 051 India

BROKER AND SPONSOR
(from 1 January 2019 to 3 June 2019)
Stockdale Securities Limited
100 Wood Street
London EC2V 7AN

(from 3 June 2019 to present)
Shore Capital Stockbrokers Limited
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London SW1A 1LD

REGISTRAR
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INDEPENDENT AUDITOR
Deloitte LLP
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Glategny Esplanade
Guernsey GY1 3HW

CHAIRMAN'S STATEMENT

INTRODUCTION

Following on from a challenging end to 2018, 2019 offered little respite for the Indian small and mid-cap equity markets, where your Company is predominantly invested. In a flight to safety, both foreign and domestic investors continued to favour a small handful of large cap stocks, which caused a sharp divergence in performance between the favoured few and the rest of the market.

Disappointingly, Narendra Modi's landslide victory in the May elections failed to provide the reassurance to investors that had been anticipated. An underwhelming Union Budget from Finance Minister, Nirmala Sitharaman, meant that the BJP's second term in office got off to a rocky start. A slowdown in consumption and an ongoing liquidity squeeze sparked further nervousness.

In this environment, your Company's Net Asset Value declined in value by 12.9%, while the share price declined by 19.4%, both falling further than the notional benchmark, the BSE Mid Cap Total Return Index, which fell 7.2% (both in Sterling terms). As the Investment Manager's Report describes in more detail, five stocks contributed the majority of this underperformance. These were Yes Bank, Dewan Housing Finance, Motherson Sumi Systems, Skipper and Manpasand Beverages.

DISCOUNT AND INVESTOR RELATIONS

Over the period, the share price discount to Net Asset Value widened to 20.4% (from 14.0% at the start of 2019). Your Board believes that it is in the interests of shareholders to actively promote the Company and its investment strategy to as wide an audience as possible, and that this activity can help to narrow the discount in the future. To that end, the Investment Manager has conducted numerous meetings across the UK, along with a number of portfolio update calls for investors and analysts.

Your Company and the investment team have been regularly featured in the media. Our PR agency, MaitlandAMO PR, looks for opportunities for representatives of the Investment Manager and the Investment Adviser to comment on events in India and the Board believes that this brings added recognition and credibility to your Company, backing up the sales efforts of the Ocean Dial team. Our broker, Shore Capital, facilitates liquidity in the shares of your Company and helps the Company to broaden its reach through the production and dissemination of research notes.

DUE DILIGENCE VISIT TO INDIA

In March, the Board travelled to India on a due diligence visit. The Board met members of Ocean Dial's investment and research team in Mumbai along with representatives from Avendus, Ocean Dial's parent company. We accompanied Gaurav Narain and other members of the investment team on a number of company visits in Mumbai and Delhi. Amongst the companies that we met were PI Industries, NIIT Technologies, Balkrishna Industries, Radico Khaitan and Kajaria Ceramics, giving us a view across the spectrum of the Indian economy. We also met a number of commentators and market specialists.

The trip offered us an opportunity to see Ocean Dial's investment process in action, to see first hand the quality of management of our portfolio companies, the opportunities for growth and some of the challenges they face.

CHANGES AT THE INVESTMENT MANAGER

A key focus for Ocean Dial in 2019 was strengthening the investment team. The Board was pleased to note that in October, Ocean Dial appointed a new co-Head of Equities, Tridib Pathak, and more recently, a Data Analyst. These additions will allow the team to focus more thoroughly on a select universe of stocks. Your Board is encouraged by these developments and hopes that these changes will result in improving performance.

Shareholders can visit our website to read more about the evolution of Ocean Dial's investment process and examples of the rationale behind investee companies. (www.indiacapitalgrowth.com).

LIFE OF THE COMPANY

The Listing Prospectus and Continuation Resolution published in December 2017 outlined the following undertaking:

"The Company will undertake that in 2017 (and every three years thereafter) the Board will carry out an assessment of the Company's performance (the Three-Yearly Assessment) and will thereafter propose an ordinary continuation resolution only in the event that either of the following criteria are met:

i. The Company's monthly average market capitalisation being less on average than £30 million over the one year period preceding the date of the relevant Three Yearly Assessment taking the market capitalisation as at the last trading day of each month; or

ii. The Company's published diluted NAV per Ordinary Share (adjusted, if appropriate, for any dividends payable to Shareholders) underperforming the BSE Mid Cap Total Return Index by in excess of a cumulative 5 per cent. over the three year period preceding the relevant Three Yearly Assessment.

While the Company has comfortably exceeded the average market capitalisation requirement, NAV performance relative to the BSE Mid Cap Total Return Index over the past three years has to date not met the requirement laid out in the Prospectus. The Board will consult with Shareholders as we approach the end of the current Three Yearly Assessment period, which ends on 6 August 2020, to determine the best way forward.

CHAIRMAN'S STATEMENT continued

SUCCESSION PLANNING

Details of the Board's approach to succession planning appears in the Directors' Report. As part of the Board's programme of refreshment, John Whittle will stand down from the Board and as Chairman of the Audit Committee at the end of December 2020. The Board would like to express their sincere gratitude to John for his nine years' service and will begin their search for his successor later in the year.

OUTLOOK

The global economy is grappling with a worldwide pandemic, an oil price war, and unprecedented extreme volatility in capital markets. The situation is rapidly evolving on a daily basis and as such taking a view as to the likely near term impact on the Indian economy is a challenging task. The Mumbai based Investment Management team is in regular touch with the companies in which your Company is invested, monitoring corporate developments closely. They are hopeful that, when concerns about COVID19 are allayed, Indian equities will be able to recover and that businesses will return to growth.

Your Company's investment objective is to provide long-term capital appreciation by investing in companies based in India. The Board is hopeful that key reforms introduced in Modi's first term (2014-2019) are now starting to come to fruition and that investors will start to see long term structural improvements from these. The Goods & Services Tax, the newly reconfigured Insolvency & Bankruptcy Code, Demonetisation, amongst others, are all expected to improve efficiency and transparency in India's economy.

These factors, combined with the overhaul of India's labour laws that is currently underway, should provide a push that helps to improve ease of doing business and attract foreign investment. The corporate tax rate cuts, announced in September, were welcomed by Indian companies, with the reduction from 30% to 22% (and from 25% to 15% for new investment in manufacturing) making them globally competitive. As the Trade Wars between China and the US continue, India is positioned to increase its market share in some manufacturing industries.

Finally, India is in the midst of moving from a patronage based to rules based system. Whilst the transition period may result in short-term setbacks, the long-term impact of this change will be to improve governance and, in turn, to open up new opportunities for investment in India. Despite the recent setbacks in performance, your Board believes that India Capital Growth Fund is well positioned to deliver returns to shareholders as these changes take effect. We thank shareholders for their patience and believe that changes being implemented by the manager will deliver improved relative performance.

Elisabeth Scott | **Chairman**
19 March 2020

INVESTMENT MANAGER'S REPORT

This was a disappointing year for investors in the India Capital Growth Fund. Over twelve months the share price fell by 19% driven by an 8% fall in the NAV in Indian Rupees which was in turn compounded by a 6% depreciation in the currency against the Pound Sterling. As such the NAV fell by 13% which led to a 6% underperformance relative to the BSE MidCap Total Return Index over the same period which fell by 7% in Pound Sterling.

The portfolio analysis later in this report examines this underperformance but in summary the main cause was a more pronounced combination of lower than expected aggregate portfolio profitability and a de-rating in the valuation of the majority of the holdings. Additionally, stock specific issues have caused a permanent loss of capital value that should not be repeated.

MACRO-ENVIRONMENT

Before delving into portfolio performance and characteristics, it is important to highlight the deterioration of the macro environment over the year and the consequent impact on corporate and investor sentiment:

- A liquidity squeeze in the non-banking financial system following the default of IL&FS – an AAA-rated quasi-Government owned lending institution - in September 2018 (discussed at length in 2018's Annual Report and in 2019's interim report), the aftershock of which is still being felt.
- Excess capacity in the private sector and a fiscally constrained Government leading to anaemic investment growth in the economy. Consumption had become the core contributor to GDP, which has now in turn slowed sharply.
- Muted lending from Public sector banks (65% of the market) during an extended period of stressed assets and balance sheet repair, leaving the economy capital constrained, and forcing companies to pare back on growth.
- Consistent, year-on-year downgrades to earnings expectations, as economic growth has slowed.
- A poorly received inaugural Union Budget from the new BJP Government that required major U-turns in policy in order to address the market's disappointment.
- Businesses which are continuing to adapt to a new operating environment. For example: new currency notes in circulation (Demonetisation), the Goods & Services Tax (a nationwide VAT), the Real Estate Regulation Act, the Insolvency and Bankruptcy Code, and stricter emissions standards for the auto sector (45% of India's manufacturing) as examples.

This combination of structural reform, a default of a major financial institution, and ongoing balance sheet repair in the banking system drove a collapse in market confidence. Capital availability became scarce being restricted to only those which didn't require it, as evidenced in Chart 1. Companies sector wide, and in particular smaller domestic facing names, were forced to limit their ambitions. Consumption growth slowed abruptly, as did trade, the latter being affected by disruptions to the global economy.

Chart 1: Credit growth

Source: RBI, Kotak Institutional Equities

INVESTMENT MANAGER'S REPORT continued

Even businesses with strong order books put a foot on the brake amid concerns that the environment was not right to "push sales". A fear of counterparty risk ensured that liquidity and working capital management took priority. As such GDP growth fell from 8.2% in 2017 to (an estimated) 4.7% for the current financial year (FY20), ending on 31 March.

THE PORTFOLIO

Four holdings worked well for the portfolio over the year. Both Berger Paints (manufacturer of paint, which rose 57%) and PI Industries (agrochemicals which rose 68%) delivered healthy earnings growth in 2019 leading to a sharp rerating in those stocks. Other outperformers were NIIT Technologies (IT Services, up 18%) and Essel Propack (consumer packaging, which rose 30%). Private equity funds bid handsome premia to the market price for part ownership of these companies and in both cases the Company's stock holding was tendered. The portfolio exited NIIT Technologies completely but post the tender, a decision was made to buy back a part of the holding in Essel Propack at compelling valuations.

Turning to the contributors to poor performance, the fall in the Company's Net Asset Value (NAV) can be attributed to two interlinked drivers; first from a de-rating in aggregate value of the portfolio and second from a deceleration in earnings growth. The causes of these two drivers can in turn be placed into two distinct camps; companies whose stock price de-rating (from lower earnings) is a temporary phenomenon that creates a potential buying opportunity and second where there are structural concerns that have resulted in a permanent loss of capital.

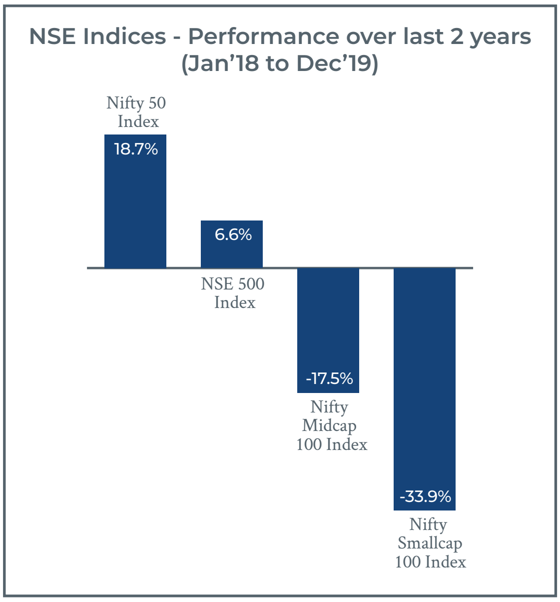
TEMPORARY DISRUPTION

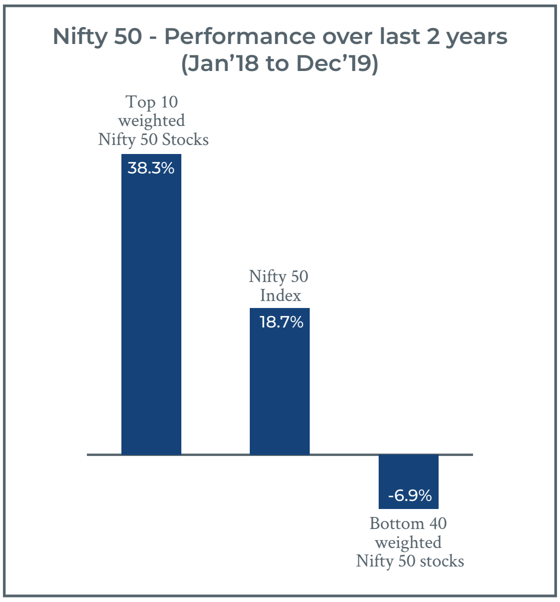
From a top down context, the broader economic slowdown and heightened risk aversion that was summarised earlier led to a substantial divergence between the top ten stocks (by market capitalisation) and the rest of the market, as highlighted in the charts 2 & 3 below. This is a trend seen across global markets but somewhat accentuated by events specific to India.

Due to the portfolio's exposure to the lower capitalised area of the market, which by default is more sensitive and vulnerable to disruptions in the domestic economy, this divergence was keenly felt, but in valuation terms the portfolio now appears as cheap as it has been since 2013 (Chart 4) at the time of the "taper tantrum", and an upward correction is expected as the market "bottoms out" and the first signs of confidence (and thus liquidity) return to customary levels.

However, the de-rating cannot solely be attributed to a broader stock market divergence. The slowdown of earnings growth across the portfolio also played its part. In particular, the portfolio's exposure to consumer businesses (28% of portfolio) and private sector banks (25% of portfolio). Both sectors have traditionally been steady earnings compounders, and this will revert in due course. The consumer businesses have been hit by a sharp slowdown in spending particularly from rural communities, where historically growth rates have been two times their urban counterparts but slipped to just half that in 2019. The private sector banking stocks were affected by asset quality issues (as economic growth

Chart 2 & 3: Index Divergence (January 2018 to December 2019)





INVESTMENT MANAGER'S REPORT continued

slowed) and were obliged to provision accordingly at the expense of shareholder returns. The portfolio's exposure to the auto-ancillary sector (Motherson Sumi Systems, Exide Industries, Ramkrishna Forgings totalling 12% of portfolio) have suffered both due to slower demand in the auto sector (both global and domestic) as well as the ongoing disruption caused by the US tariff war.

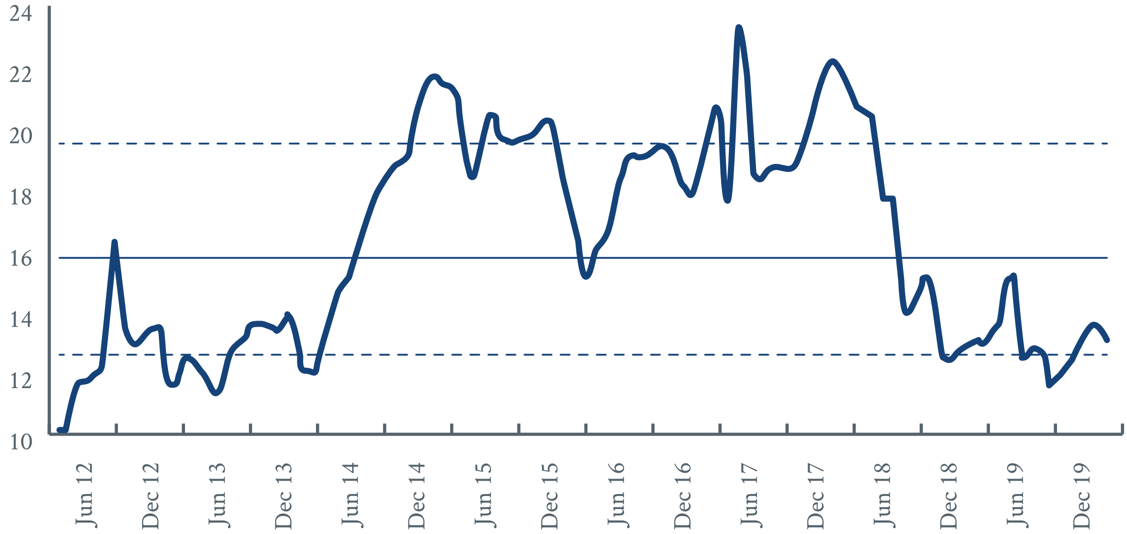
Two companies in the portfolio hit the spotlight for governance related issues. Both Emami (consumer discretionary) and Jain Irrigation (micro irrigation) saw persistent stock price pressure resulting from major shareholders pledging stock as collateral for investments unrelated to the core business. In Emami's case the business generates strong cash flow and these pledges have now been reduced, and this combination of stable cash flow, proactive governance changes and weak stock price performance provided an opportunity to top up. In addition, the family has already initiated the process of selling other assets in order to release the equity collateral further, which in turn has lifted pressure from the stock price.

STRUCTURAL ISSUES

In the case of Jain Irrigation (NAV loss of 1%) the combination of pledged collateral and elevated working capital costs increased the risk reward ratio beyond comfort and the position was sold. In the public sector banking space both Indian Bank and Jammu & Kashmir Bank (-1.0% and -0.6% contribution to portfolio returns respectively) were impacted by unforeseen regulatory events. Indian Bank was among the best performing public sector banks, being one of the few that did not seek capital infusion from the Government. This ultimately proved its undoing, being merged with a weaker entity, as the resultant combined entity's balance sheet was weaker than the standalone. Likewise, the portfolio's exposure to Jammu & Kashmir Bank, whilst fundamentally a strong franchise, was impacted by the recent Government actions in Kashmir, removing visibility on its future outlook and leading to a gradual reduction in exposure. The portfolio's NAV suffered from a rump holding in Dewan Housing, a mortgage finance company which was directly impacted by the default of IL&FS in September of last year. The portfolio had benefitted significantly from the appreciation of this stock price over the time it was held, and although it fell precipitously from the highs, the final position was sold at approximately cost price. We also erred in our call on Yes Bank (-2.1% contribution to portfolio). Following the change in management and a revamp of the board of directors, it was expected that the strong franchise (given its leadership in digital transactions and a strong customer franchise) would prevail. However prolonged delays in raising capital has diminished the risk reward equation sufficiently for us to decide to reduce this weighting in the portfolio.

Following the tender of the Company's stock in both NIIT Technologies and Essel Propack, as well as trimming weights in other areas of the portfolio, the portfolio's cash weighting reached a high of 13% in August. On the back of poor sentiment in small and midcap stocks and weakness across the broader market, this cash position was gradually put to the last quarter of the year. A 5% position has been built in DCB Bank. This is a mid-sized private sector bank,

Chart 4: ICGF PE (1y fwd)



INVESTMENT MANAGER'S REPORT continued

that has the Aga Khan Foundation as its largest shareholder (14%), that focuses on lending to small and medium sized enterprises across the country. Asset quality standards have been maintained through the recent banking crisis due to its "best in class" risk management systems and is attractively valued relative to its peer group. Temporary weakness in the share price of Bajaj Consumer Care (BCC), (as a result of majority shareholders using stock as pledging collateral), enabled the portfolio to build a 4% position weight. BCC is the market leader in the hair oil segment which enjoys high gross margins, high returns on capital employed with a dividend yield of 4%. The market volatility provided an opportunity to invest at a significant discount to the company's historic valuation and based on some conservative assumptions it has significant upside potential. As at the end of December, the cash weighting has been reduced to 5% of the portfolio.

The Government is listening to the feedback from corporate India and is responding to the short-term challenges brought about by its reform initiatives. Spending on infrastructure has been accelerated alongside incentives to generate private sector investment spending, as well as addressing individual "sectoral" issues. Most encouraging was the progressive cuts to corporate taxes now making India better able to compete for Foreign Direct Investment alongside its Asian peer group. Indirect tax rates have been cut across many sectors, public sector banks have been recapitalised and the flagging real estate sector has been given a major boost. Moreover, the Reserve Bank of India has cut lending rates to 5.15%, their lowest level since 2010. Transmission into the real economy is slow but the trend is favourable.

LOOKING AHEAD

The Company's NAV, and correspondingly its share price, have fallen 28% and 50% respectively since the year-end, and in particular since the coronavirus pandemic outbreak, which has caused unprecedented falls in global and Indian markets. However we continue to assess business fundamentals in India relative to the prices on offer in the equity markets on an ongoing basis and expect the Indian economy to recover when this period of significant uncertainty eventually passes.

Ocean Dial Asset Management

19 March 2020

DIRECTORS

The Directors as at 31 December 2019, all of whom are non-executive, are as follows:

ELISABETH SCOTT (CHAIRMAN)

Elisabeth was appointed to the Board as Chairman on 18 December 2017. She has 34 years' experience in the asset management industry, having started as a US equity fund manager in Edinburgh in 1985. She went to Hong Kong in 1992, where she remained until 2008, most recently in the role of Managing Director and Country Head of Schroder Investment Management (Hong Kong) Limited and Chairman of the Hong Kong Investment Funds Association. She is aged 57 and a UK resident.

PETER NIVEN

Peter was appointed to the Board on 11 August 2011. He has over 40 years' experience in the financial services industry both in the UK and offshore. He was a senior executive in the Lloyds TSB Group until his retirement in 2004 and until July 2012 was the Chief Executive of Guernsey Finance LBG, promoting the island as a financial services destination. He is a Fellow of the Chartered Institute of Bankers and a Chartered Director. He is aged 65 and a resident of Guernsey.

JOHN WHITTLE

John was appointed to the Board on 17 November 2011. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. He was previously Finance Director of Close Fund Services, a large independent fund administrator. Prior to moving to Guernsey, he was at Pricewaterhouse in London before embarking on a career in business services, predominantly telecoms. He is aged 64 and a resident of Guernsey.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES AND OTHER RELEVANT ENTITIES

The following summarises the Directors' directorships in other public companies:

	Company name	Stock exchange
Elisabeth Scott	Dunedin Income Growth Investment Trust PLC	London
	Allianz Technology Trust PLC	London
	Fidelity China Special Situations PLC	London
	Association of Investment Companies	N/A
Peter Niven	SQN Asset Finance Income Fund Limited	London
	Association of Investment Companies	N/A
John Whittle	Aberdeen Frontier Markets Investment Company Limited	AIM
	GLI Finance Limited	AIM
	Globalworth Real Estate Investments Limited	AIM
	International Public Partnerships Limited [2]	London
	Starwood European Real Estate Finance Limited	London
	Chenavari Toro Income Fund Limited	SFS [1]

[1] Specialist Fund Sector

[2] John Whittle will be standing down from this position at the International Public Partnerships Limited's AGM in June 2020

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019 which have been properly prepared in accordance with The Companies (Guernsey) Law, 2008, as amended.

THE COMPANY

India Capital Growth Fund Limited (the "Company") was registered in Guernsey on 11 November 2005 and is a closed-ended investment company. At 31 December 2019, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited. The Company's Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange. Until 24 January 2018, they were listed on the AIM market of the London Stock Exchange.

GROUP CHANGES

The Board of Directors is taking steps to close down and liquidate its Mauritian subsidiary, ICGQ Limited, given it no longer serves a beneficial purpose for the Company's shareholders. However, this process will take some time given the restrictions imposed by the Indian regulators on transferring listed Indian equities from one entity to another without incurring considerable additional costs. During this process the investment portfolio will transition from ICGQ Limited to the Company.

INVESTMENT POLICY

The Company's investment objective is to provide long-term capital appreciation by investing in companies based in India. The investment policy permits the Company to make investments in a range of Indian equity and equity linked securities and predominantly in listed mid and small cap Indian companies with a smaller proportion in unlisted Indian companies. Investment may also be made in large-cap listed Indian companies and in companies incorporated outside India which have significant operations or markets in India. While the principal focus is on investment in listed equity securities or equity linked securities, the Company has the flexibility to invest in bonds (including non-investment grade bonds), convertibles and other types of securities. The Company may, for the purposes of hedging and investing, use derivative instruments such as financial futures, options and warrants. The Company may, from time to time, use borrowings to provide short-term liquidity and, if the Directors deem it prudent, for longer term purposes. The Directors intend to restrict borrowings on a longer-term basis to a maximum amount equal to 25% of the net assets of the Company at the time of the drawdown. It is the Company's current policy not to hedge the exposure to the Indian Rupee.

The portfolio concentration ranges between 30 and 40 stocks; however, to the extent the Company grows, the number of stocks held may increase over time. The Company is subject to the following investment limitations:

No more than 10% of Total Assets may be invested in the securities of any one Issuer or invested in listed closed-ended funds.

The Board of Directors of the Company does not intend to use derivatives for investment purposes.

The Directors confirm the investment policy of the Company has been complied with throughout the year ended 31 December 2019.

LONG-TERM SUSTAINABLE SUCCESS

The long-term performance of the Company and its reputation for transparency and good governance are paramount to its long-term success for the benefit of all its stakeholders.

In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the total aggregate percentage of unlisted investments in the portfolio, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored.

Our mandate is to invest in India, predominantly in listed mid cap and small cap companies where the Investment Manager believes significant long-term investment performance can be achieved. The Board considers this is best achieved via the investment trust structure constructing a portfolio of individually chosen shares in underlying companies whose business is in India. Consequently, our Investment Manager, Advisor and Analysts do considerable research in house to identify suitable investments. The Board works with the Investment Manager to ensure it has the necessary resources available and that those resources are of the desired quality.

It is one of our long-term objectives that the share price should trade at a level close to the underlying net asset value of the shares. Share price discounts and premiums are determined by supply and demand. The Directors have focused the marketing of the Company particularly on explaining, through the press, the characteristics of investing in India, largely to dispel sentiment based negative misperceptions and to inform the investing community of its long term potential for significant sustainable growth in India.

We are also mindful that investors expect their funds to be managed for a competitive fee. In June last year, we negotiated a reduction in the fee payable to the Investment Manager from 1.5% to 1.25% and the Company's Ongoing Charge for the year of 1.85% (1.73% ongoing) has reduced significantly from 2.78% in 2013. The Board will continue to keep this under review.

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The Company's performance during the year is discussed in the Investment Manager's report.

The results for the year are set out in the audited statement of comprehensive income.

Consistent with the Company's investment policy of providing long term capital appreciation, the Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

SUBSTANTIAL INTERESTS

Shareholders who held an interest of 3% or more of the Ordinary Share Capital of the Company at 28 February 2020 are stated in the table below:

	Number of shares	% holding
Lazard Asset Management	19,980,911	17.76
Hargreaves Lansdown	10,460,556	9.30
Interactive Investor	5,913,251	5.26
Charles Stanley	5,197,214	4.62
Premier Miton Investors	5,040,000	4.48
EFG Harris Allday, stockbrokers	4,700,298	4.18
Rathbones	3,621,263	3.22
Investec Wealth & Investment	3,474,349	3.09

DIRECTORS

The names and a short biography of the Directors of the Company are set out on page 8, all of whom served throughout the year and to date.

DIRECTORS' INTERESTS

At 31 December 2019, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares
Elisabeth Scott	25,000
Peter Niven	37,500
John Whittle	30,000

INDEPENDENT AUDITOR

The Independent Auditor, Deloitte LLP, has indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

ONGOING CHARGES

In accordance with the recommended methodology set out by the Association of Investment Companies ("AIC"), the ongoing charges ratio ("OCR") of the Company and its subsidiary for the year ended 31 December 2019 was 1.85% based on an average AUM of £106,596,000 (2018: 1.91% based on an average AUM of £120,863,000).

CORPORATE GOVERNANCE

The Company is a member of the AIC and has elected to follow the AIC Code, as revised in February 2019. The AIC Code has been endorsed by the FRC as an alternative means for their members to meet their obligations in relation to the UK Corporate Governance Code, as published in July 2018. The AIC Code addresses all the principles and recommendations on issues that are of specific relevance to investment companies.

The UK Corporate Governance Code includes provisions relating to: (i) the role of the chief executive; (ii) executive directors' remuneration; (iii) a nomination committee; and (iv) an internal audit function. For the reasons set out in the AIC Corporate Governance Guide, the Board of Directors considers these provisions are not relevant to the position of the Company, due to the size of the Board and as an externally managed investment company with no employees.

The Finance Sector Code of Corporate Governance issued by the GFSC (the "GFSC Code") applies to the Company, Companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the GFSC Code.

The Board considers that it has complied with the AIC Code, UK Code and GFSC CODE during the year ended 31 December 2019.

COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board currently consists of three Non-Executive Directors, all of whom are independent. The Chairman of the Board is Elisabeth Scott. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that Elisabeth Scott is an Independent Director. As the Chairman is an Independent Director, no appointment of a Senior Independent Director has been made. The Company has no employees and therefore there is no requirement for a Chief Executive.

BOARD MEETINGS

The Board generally meets on at least four occasions each year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company.

DIRECTORS' REPORT (continued)

Board meetings, Committee meetings and Directors' attendance

During the year, the Directors in attendance at meetings were as listed in the table below:

	Board Meeting		Audit Committee	
	Held	Attended	Held	Attended
Elisabeth Scott [1]	6	6	-	-
Peter Niven	6	6	4	4
John Whittle	6	6	4	4

[1] appointed to the Audit Committee on 25 September 2019, post the Audit Committee meetings held during 2019.

PERFORMANCE EVALUATION

On an annual basis the Board formally considers the independence of its members, its effectiveness as a Board, the balance of skills represented and the composition and performance of its committees. The Board considers that it has an appropriate balance of skills and experience in relation to the activities of the Company and offers relevant training where necessary. The Chairman evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The performance and contribution of the Chairman is reviewed by the other Directors under the leadership of the Chairman of the Audit Committee. The conclusion of the 2019 review was that the skill sets of the members of the Board were complementary, and that the Board functioned effectively.

NOMINATION COMMITTEE

The size of the Board and independence of its members are such that the Board does not consider the need for a separate Nomination Committee. Any proposal for a new director is discussed and approved by the Board, having considered the current skills, experience and diversity of the Board. The Board will determine whether an external search consultancy or open advertising is used in the appointment of a non-executive director and ensure relevant induction training is provided upon commencement. The Chairman will not chair the Board meeting when it is dealing with the appointment of a successor to the chairmanship.

Each Director stands for annual re-election at the Company's Annual General Meeting.

REMUNERATION COMMITTEE

The size of the Board and independence of its members are such that the Board do not consider the need for a separate Remuneration Committee. Remuneration is reviewed annually and discussed by the Board as a whole with reference to the Trust Associates Investment Company Non-Executive Directors' Fee Review.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors

AUDIT COMMITTEE

The members of the Company's Audit Committee are John Whittle (Chairman), Peter Niven and Elizabeth Scott (appointed to the Audit Committee on 25 September 2019). The Audit Committee conducts formal meetings throughout the year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board. Full details of its functions and activities are set out in the report of the Audit Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MATTERS

The standards of ESG in India, as in other emerging markets, are not as developed as in more mature markets and are yet to be fully embraced by corporate India. However, the Investment Manager believes in the principal of "doing well by doing good" and has adopted an active ESG approach in its bottom up stock selection for the investment portfolio. The Portfolio Adviser and Analysts assess the quality of governance in the companies researched and visited, as experience has shown that better governed companies in India deliver superior financial performance over the long term.

EMPLOYEES, HUMAN RIGHTS AND CORPORATE SOCIAL RESPONSIBILITY

The Company has no employees, all of its Directors are non-executive and third parties carry out its day-to-day activities. Therefore, there are no disclosures to be made in respect of employees and the Company has not adopted a policy on human rights as it has no employees and its operational processes are delegated. As an investment company, the Company does not provide goods and services in the normal course of business and has no customers. Accordingly, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015.

The Investment Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, its investment process considers social, environmental and ethical issues when, in the Manager's view, these have a material impact on either investment risk or return.

BOARD DIVERSITY & SUCCESSION PLANNING

The Board supports the principal of diversity. The Board's intention will always be to appoint the best person for the job and it confirms that there will be no discrimination on the grounds of gender, social and ethnic background, cognitive and personal strengths. The Board's overriding intention is to ensure that it has the best combination of

DIRECTORS' REPORT (continued)

people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company. The Board currently consists of one female and two male Directors.

The Board has agreed to a programme of refreshment as part of its succession planning. Consequently, John Whittle will stand down from the Board and as Chairman of the Audit Committee at the end of December 2020 and a search for his successor will begin later in the year. The Board intend to continue this programme of refreshment in 2021.

During the year, the Board decided to participate in the Board Apprentice Scheme with a view to offering a potential non-executive director of the future the opportunity to observe the workings of a board. The objective of the Scheme is to increase diversity on boards. The successful candidate has been selected and she will be observing the meetings of the Board and its committees for a period of one year. The apprentice will not receive a fee but the Board hopes that the experience will assist her ambition to become a non-executive director elsewhere at a point in the future.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board also considers the process for identifying, evaluating and managing any significant risks faced by the Company. At each quarterly meeting of the Board a report on the control environment and risk assessment is presented and considered. Changes in the risk environment are highlighted as are changes in the controls in force to manage or mitigate those risks. The Board is satisfied that appropriate controls are in place in relation to the key risks faced by the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board confirms that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a Control Environment and Risk Assessment Matrix (the "Matrix"), which identifies the key risks to the Company and considers the impact and likelihood of each significant risk identified. These fall into the following broad categories:

- Investment Performance risk: The Company's long-term growth is dependent upon the performance of its investment portfolio. Consequently, there is the risk that its portfolio fails to perform in line with the investment objectives and policy if the companies in the portfolio perform poorly or markets move adversely, especially over an extended period. The Board reviews reports from the Investment Manager at each quarterly Board meeting, paying particular attention to the constitution of the portfolio, its liquidity and its attribution by sector and weighting compared to the BSE Mid Cap Total Return Index.
- Political, Currency & Emerging Market risk: The value of the Company's assets may be affected by uncertainties in India such as political developments, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations.
- Operations, Systems and Data Security Failure risk: The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Investment Manager, the Administrator, or the Company's other service providers. The Audit Committee visit the Investment Manager annually to perform a due diligence review of its controls and the Board receives reports annually from the Administrator on their internal controls. Cybersecurity controls at all service providers are reviewed on a regular basis.
- Accounting, Legal and Regulatory risk: The Company is at risk if it fails to comply with the laws and regulations applicable to a company with a premium listing on the Main Market of the London Stock Exchange and the Guernsey, Mauritian and Indian laws and regulations or if it fails to maintain accurate accounting records. The Investment Manager and Administrator provide the Board with regular reports on changes in regulations and accounting requirements.
- Multi-jurisdictional Taxation risk: The Company is at risk of additional taxation charges from several geographical jurisdictions in which the Company, its service providers or companies in its investment portfolio reside. The risk that appropriate tax residency is not maintained may result from poor administration or from changes in Government policy. The Board receives quarterly updates from the Investment Manager and the Administrator who is responsible for tax residence administration. Note 10 to the financial statements details key taxation risks and their impact upon the Company.
- Financial risk: Significant market, foreign currency, credit and liquidity risks faced by the Company are set out in note 10 to the financial statements. These risks and their mitigation controls are reviewed at each quarterly Board meeting.
- Emerging risks: Risks that emerge unexpectedly, and in some cases quite quickly, can have an economic impact upon the Company. Such recent risks include

DIRECTORS' REPORT (continued)

the coronavirus global health threat, global trade and tariff negotiations, and Brexit. The Board assesses and monitors these risks as and when they develop so, if necessary, controls and procedures can be implemented to mitigate against their economic impact upon the Company.

SUPPLY OF INFORMATION TO THE BOARD

Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance and compliance. A representative of the Investment Manager attends each Board meeting thus enabling the Board to discuss fully and review the Company's operation and performance. Each Director has direct access to the Company Secretary, and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

DELEGATION OF FUNCTIONS

The Board has contractually delegated various functions as listed below, to external parties. Each of these contracts have been entered into after full and proper consideration by the Board, mindful of the quality and cost of services offered, including the control systems in operation as far as they relate to the affairs of the Company. The duties of investment management, accounting and custody are segregated.

- Investment Management is provided by Ocean Dial Asset Management Limited, a company authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA).
- Administration and Company Secretarial duties for the Company during the year were performed by Apex Fund Services (Guernsey) Limited (from 1 January 2019 to 4 August 2019) and Apex Fund and Corporate Services (Guernsey) Limited (from 5 August 2019), a company licensed and regulated by the Guernsey Financial Services Commission. Those for the subsidiary were performed by Apex Fund Services (Mauritius) Limited, a company registered in Mauritius and licensed by the Financial Services Commission in Mauritius.
- Custody of assets is undertaken by Kotak Mahindra Bank Limited, which is registered as a custodian with the Securities and Exchange Board of India (SEBI).

The Board has established a Management Engagement Committee to review the performance of all material external service providers and of the related contractual terms. The Management Engagement Committee comprises of the current three Directors of the Company. The last meeting of the Management Engagement Committee was held on 26 June 2019 and it intends to sit annually in the month of June. Performances of all material external service providers are considered satisfactory.

INVESTMENT MANAGEMENT

The management agreement will continue unless and until terminated by either party giving to the other not less than twelve months' notice in writing. The management agreement may also be terminated forthwith as a result of a material breach of the agreement or on the insolvency of the Investment Manager or the Company and by the Investment Manager by notice within 30 days of being notified by the Company of any material change to the investment policy.

The Investment Manager is entitled to receive a management fee payable jointly by the Company and the Mauritian subsidiary, ICG Q Limited. During the year, the fee was reduced from the equivalent of 1.5% to 1.25% per annum of the Company's Total Assets, calculated and payable monthly in arrears. The Company's Total Assets consist of the aggregate value of the assets of the Company less its current liabilities before the deduction of management fees. For purposes of the calculation of these fees current liabilities exclude any proportion of principal amounts borrowed for investment. To date, the Company has not borrowed for investment or any other purpose.

The Board as a whole reviews the performance of the Investment Manager at each quarterly Board Meeting and considers whether the investment strategy utilised is likely to achieve the Company's investment objective. Having considered the portfolio performance and investment strategy, the Board has agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

From time to time the extent of powers delegated to the Investment Manager and matters upon which decision making is reserved to the Board are reviewed and considered. In particular, the approval of the Board (or a designated committee) is required in relation to:

- Borrowings (other than on a temporary basis)
- Investment in unlisted securities (other than those arising on a temporary basis from demergers from existing listed holdings).
- Exercise of share buy-back powers
- Policy on currency hedging

The Investment Manager reports to the Board on brokers used for executing trades and the commission paid to brokers analysed between brokerage and research services. The Investment Manager does not use commissions paid by the Company to pay for services used by the Investment Manager other than directly related research services provided by the broker. There is a procedure in place whereby any prospective conflict of interest is reported by the Investment Manager to the Chairman and a procedure to manage the prospective conflict agreed. The Investment Manager's policy on conflicts is reviewed by the Board annually.

The provisions of the UK Stewardship Code do not apply to the Company as all investments are outside the United Kingdom. The Board has delegated to the Investment Manager the power to vote in relation to the Company's holdings in Indian listed companies, whether held directly or via ICG Q Limited, the Company's wholly-owned subsidiary.

DIRECTORS' REPORT (continued)

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The Board has appointed the Investment Manager to act as its AIF Manager.

The Investment Manager, Ocean Dial Asset Management Limited, is registered with the FCA as an Alternative Investment Manager ("AIFM") and is authorised as a small Authorised UK AIFM. Consequently, AIFM remuneration disclosures are not required.

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number and can be found on the IRS FFI list. The responsible officer is Robin Sellers, CEO of the Investment Manager.

The Company is subject to Guernsey regulations and guidance based on reciprocal information sharing inter-governmental agreements which Guernsey has entered into with the United Kingdom and the United States of America. The Board will take the necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

SHAREHOLDER COMMUNICATION

In her Statement on pages 2 and 3, the Chairman refers to the steps taken by the Company to enhance its Investor Relations including the engagement of Frostrow Capital and MaitlandAMO PR. Additionally the Board considers a report on shareholder communications at each quarterly Board meeting and a monthly Fact Sheet is published on the Company's website reporting the month-end Net Asset Value with a commentary on performance. The Investment Manager also reports via the Regulatory News Service (RNS) an estimated, unaudited daily Net Asset Value. The Investment Manager and the Corporate Broker maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting. The Company Secretary is available to answer general shareholder queries at any time during the year. The Board monitors activity in the Company's shares and the discount or premium to Net Asset Value at which the shares trade both in absolute terms and relative to the Company's peers.

The Board noted that there was a 43% vote against the re-election of Mr Whittle at the Annual General Meeting held on 26 June 2019. The Board was aware that one of the proxy advisory services representing a significant shareholder had recommended voting against Mr Whittle due to the number of other boards of which he is a member. In the light of this, the Chairman consulted with the shareholder to understand further their reasons behind this vote. Consequently, although the Board remains comfortable that Mr Whittle has sufficient time to dedicate to his responsibilities, he has committed to reduce his directorships in the light of those consultations.

The Company has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, as amended to buy-back in the market, up to 14.99% of the shares in issue. The Company intends to request renewal of this power from shareholders on an annual basis. The Board did not consider it appropriate to exercise such powers in 2019.

GOING CONCERN

Given the Company's relative performance, in particular over the last 12 months, as discussed in the Chairman's Statement, the Directors may be required to propose a continuation ordinary resolution at the Company's Annual General Meeting scheduled for September 2020, which if not passed by simple majority, would put the future of the Company at risk. The Directors are considering options to present to shareholders. Due to the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern. Notwithstanding the uncertainty over the continuation of the Company, the Directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future therefore the financial statements have been prepared on a going concern basis.

VIABILITY STATEMENT

The Directors have assessed the prospects of the Company for a period of three years. The Board believes this time period is appropriate having consideration for the Company's principal risks and uncertainties, its portfolio of liquid listed equity investments and cash balances and the period covered by the Company's "Three Yearly Assessment" agreed at the 2014 AGM and currently applicable for the three years to August 2020. In making this assessment, the Directors have considered detailed information provided at Board meetings that include the Company's balance sheet, investment portfolio liquidity, income and operating expenses, market capitalisation, share price discount, and investment performance, particularly against the BSE Mid Cap Total Return Index (the "Index").

Current investment performance against the Index indicates the Company may not meet its Three Yearly Assessment in August 2020 so the Board will engage and consult with shareholders over the future continuation and strategy of the Company. Subject to the outcome of those consultations, the Board confirms it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three-year period of this assessment.

Approved by the Board of Directors and signed on behalf of the Board on 19 March 2020.

John Whittle **Peter Niven**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, Directors' Remuneration Report, Portfolio Statement and the Financial Statements in accordance with applicable laws.

The Companies (Guernsey) Law, 2008, as amended requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in conformity with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, the event and conditions on the Company's financial position and financial performance;
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The maintenance and integrity of the Company's website is the responsibility of the Directors. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008, as amended. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for ensuring the Company complies with the Listing Rules and Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority which, with regard to corporate governance, requires the Company to disclose how it has applied the principles, and complied with the provisions, of the UK Corporate Governance Code to the Company.

We confirm to the best of our knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's Auditor is aware of that information;
- these Financial Statements have been prepared in conformity with IFRS as adopted by the EU and give a true and fair view of the financial position of the Company; and
- this Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.

Signed on behalf of the Board by:

John Whittle

Peter Niven

19 March 2020

UNAUDITED DIRECTORS' REMUNERATION REPORT

INTRODUCTION

An ordinary resolution for the approval of the Directors' remuneration report will be put to the Shareholders at the next Annual General Meeting.

REMUNERATION POLICY

Due to the size of the Board, the Directors have not established a separate Remuneration Committee.

The Company's Articles of Incorporation state that unless otherwise determined by ordinary resolution, the number of the Directors shall not be less than two and the aggregate remuneration of all Directors in any 12 month period or pro rata for any lesser period shall not exceed £200,000 or such higher amount as may be approved by ordinary resolution. The level of Directors' fees is determined by the whole Board on an annual basis but no Director is involved in setting his own remuneration. When considering the level of Directors' remuneration the Board considers the industry standard and the level of work that is undertaken.

The Directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board or of committees or general meetings.

The Board shall have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, provided that no person shall be appointed as a Director under any provision of the Articles if their appointment would cause or permit the aggregate of the number of Directors resident in the United Kingdom or the United States for the purposes of United Kingdom or United States taxation, as the case may be, to constitute a majority of Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Remuneration

Annual Directors' fees for the years listed are as follows:

	To 31 Dec 2019 £	To 31 Dec 2018 £
Peter Niven	**25,000**	25,000
Elisabeth Scott (Chairman)	**35,000**	35,000
John Whittle (Audit Committee Chairman)	**28,000**	28,000

No additional sums were paid in the year to Directors for work on behalf of the Company outside their normal duties. None of the Directors had a service contract with the Company during the year and accordingly a Director is not entitled to any minimum period of notice or to compensation in the event of their removal as a Director.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee (the "Committee") report for 2019 is presented below. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Independent Auditor and the internal control and risk management systems of the Company and its service providers.

STRUCTURE AND COMPOSITION

The Committee is chaired by John Whittle.

The Chairman of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chairman of the Committee. The Committee shall have a minimum of two members. All members of the Committee shall be independent non-executive directors with recent relevant financial experience.

The Committee conducts formal meetings at least twice a year, normally immediately preceding the Board meetings at which the financial statements for the half-year and year end are reviewed. Only members of the Committee have the right to attend meetings although, with the consent of the Chairman of the Committee, other Directors may be in attendance. The meetings attendance table in the Directors' Report sets out the number of Committee meetings held during the year ended 31 December 2019 and the number of such meetings attended by each committee member. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor and the Committee may meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

PRINCIPAL DUTIES OF THE COMMITTEE

The role of the Committee includes:

- monitoring the integrity of the financial statements and any formal announcements regarding financial performance;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Company's published financial statements, (having regard to matters communicated by the independent auditors) preliminary announcement and other financial information;
- reviewing the effectiveness of the external audit process and the auditors' independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
- reviewing arrangements by which persons associated with the key service providers are able to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that appropriate proportionate independent investigation of such matters is undertaken; and
- assessing whether the Annual Report and Financial Statements taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be obtained from the Company's website.

INDEPENDENT AUDITOR

Deloitte LLP acted as the Independent Auditor of the Company in respect of the year ended 31 December 2019.

The recent revisions to the UK Corporate Governance Code introduced a recommendation that the independent audit of FTSE 350 companies be put out to tender every 10 years. Similarly, the EU and the Competition Markets Authority have also issued requirements to tender every 10 years and extend for a maximum of further 10 years before mandatory rotation. The Committee will follow the developments around the FRC, EU and Competition Markets Authority guidance on tendering and consider the impact for offshore entities.

The independence and objectivity of the Independent Auditor is reviewed by the Committee which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services. Any non-audit service provided by the Independent Auditor requires prior Committee approval where fees for the service are in excess of £10,000 cumulative over the financial year.

As a general rule, the Company does not utilise the Independent Auditor for internal audit purposes, secondments or valuation advice. Services which are in the nature of audit, such as tax compliance, private letter rulings, accounting advice, quarterly reviews and disclosure advice are normally permitted relative to the established non-audit services policy of the Company.

Given the fees for non-audit services paid by the Company are currently below the specified threshold, the Independent Auditor can be deemed to be independent and objective.

EVALUATIONS DURING THE YEAR

The following assessments have been made by the Committee during the year:

Significant Financial Statement Issues

Liquidity and Valuation - The ongoing liquidity of the Company's investment portfolio was evaluated, which included a review of both financial and relative non-financial information. Due to the liquid nature of the Company's and ICG Q Limited's holdings and the Company's ability to effect a disposal of any investment in ICG Q Limited's portfolio and any of its direct investments at the prevailing market price and the distribution of proceeds back to the Company should it so wish, it was

AUDIT COMMITTEE REPORT (continued)

determined that no illiquidity discount would be applied in determining the fair value of the Company's investment in ICG Q Limited and the Company's direct investments.

The foregoing matter was discussed during the planning and final stage of the audit and there were no disagreements between the management and the Independent Auditor.

Effectiveness of the External Audit Process

The Committee had formal meetings with Deloitte LLP during the course of the year: 1) at the review and approval of the year end accounts, which included planning discussion for the next half-year accounts; and 2) at the review and approval of the half-year accounts, which included planning discussion for the next annual accounts. The Committee performed the following in relation to its review of the effectiveness and independence of the Independent Auditor:

- Challenged the audit plan presented to the Committee before the start of the audit;
- Challenged the post audit report;
- Challenged the Auditor's own internal procedures to identify threats to independence, which included obtaining confirmation from the Independent Auditor of their independence;
- Discussed with both the Manager and the Administrator any feedback on the external audit process;
- Challenged and approved terms of the engagement of both the audit and non-audit services during the year, which included an evaluation of the relating fees.

In addition, the Committee performed specific evaluation of the performance of the Independent Auditor which is supported by the results of questionnaires completed by the Committee. This questionnaire covered areas such as quality of audit team, business understanding, audit approach and management.

There were no significant findings from the evaluation this year and the Committee is satisfied that the external audit process is effective.

Audit fees and Non-audit Services

The table below summarises the remuneration paid by the Company to the Independent Auditor:

	2019 £	2018 £
Annual Audit	**23,500**	23,500
Interim Review	**8,000**	8,000

Internal Control

The Committee has examined the need for an internal audit function. The Committee considered that the systems and procedures employed by the Investment Manager and the Administrator provided sufficient assurance that a sound system of internal control, which safeguards the Company's assets, has been maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Committee examined externally prepared assessments of the control environment in place at the Administrator who provided an independent service auditor's report in accordance with ISAE 3402 for the year ended 30 September 2019.

CONCLUSION AND RECOMMENDATION

After consultations with the Independent Auditor as necessary and reviewing various reports from the Investment Manager such as the quarterly performance reports and portfolio attribution and portfolio turnover reporting and assessing the significant financial statement issues, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The Committee further concludes that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the Company's performance, business model and strategy.

At the conclusion of the external audit process, the Independent Auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, both the Manager and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to presentation. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and professional scepticism.

Following the detailed review and evaluation processes identified in this report, the Committee has concluded that the auditors have acted independently in the work undertaken on behalf of the Company and has recommended to the Board that Deloitte LLP be reappointed as Independent Auditor of the Company for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Committee remains available to attend each Annual General Meeting to respond to such questions.

John Whittle | **Audit Committee Chairman**

19 March 2020

PRINCIPAL INVESTMENTS

AS AT 31 DECEMBER 2019

HOLDING	Market cap size[1]	Sector	Value £000	% of company NAV
Federal Bank	M	Financials	7,046	7.1%
City Union Bank	M	Financials	5,698	5.7%
Berger Paints India	L	Materials	5,405	5.4%
PI Industries	M	Materials	4,877	4.9%
Bajaj Consumer Care	S	Consumer Discretionary	4,546	4.6%
Tech Mahindra	L	IT	4,444	4.5%
Motherson Sumi Systems	M	Consumer Discretionary	4,012	4.0%
Jyothy Laboratories	S	Consumer Staples	3,892	3.9%
Divi's Laboratories	M	Healthcare	3,554	3.6%
Emami	S	Consumer Staples	3,481	3.5%
IDFC Bank	M	Financials	3,357	3.4%
Balkrishna Industries	M	Consumer Discretionary	3,179	3.2%
Indusind Bank	L	Financials	3,069	3.1%
Finolex Cables	S	Industrials	2,858	2.9%
Kajaria Ceramics	S	Industrials	2,809	2.8%
Welspun India	S	Consumer Discretionary	2,765	2.8%
Radico Khaitan	S	Consumer Staples	2,754	2.8%
Ramkrishna Forgings	S	Materials	2,694	2.7%
The Ramco Cements	M	Materials	2,583	2.6%
Exide Industries	M	Consumer Discretionary	2,425	2.4%
Total top 20 portfolio investments			**75,448**	**75.9%**

[1] Refer to page 22 for market capitalisation size definitions.

PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2019

HOLDING	Market cap size[1]	Nominal	Value £000	% of company NAV
LISTED SECURITIES				
Consumer Discretionary				
Bajaj Consumer Care	S	1,800,000	4,546	4.6%
Balkrishna Industries	M	300,000	3,179	3.2%
Exide Industries	M	1,215,336	2,425	2.4%
Motherson Sumi Systems	M	2,558,999	4,012	4.0%
Welspun India	S	5,384,105	2,765	2.8%
			16,927	17.0%
Consumer Staples				
Emami	S	1,050,000	3,481	3.5%
Jyothy Laboratories	S	2,475,000	3,892	3.9%
Manpasand Beverages	S	1,722,085	217	0.2%
Radico Khaitan	S	821,236	2,754	2.8%
			10,344	10.4%
Financials				
City Union Bank	M	2,277,000	5,698	5.7%
DCB Bank	S	1,600,000	2,942	3.0%
Federal Bank	M	7,488,862	7,046	7.1%
IDFC Bank	M	6,950,000	3,357	3.4%
Indusind Bank	L	190,000	3,069	3.1%
Jammu & Kashmir Bank	S	4,249,504	1,357	1.4%
Yes Bank	S	2,000,000	1,004	1.0%
			24,473	24.7%
Healthcare				
Aurobindo Pharma	M	420,000	2,053	2.1%
Divi's Laboratories	M	180,000	3,554	3.6%
Neuland Laboratories	S	250,000	1,118	1.1%
			6,725	6.8%
Industrials				
Finolex Cables	S	720,000	2,858	2.9%
Kajaria Ceramics	S	500,000	2,809	2.8%
PSP Projects	S	373,875	1,972	2.0%
Skipper	S	2,654,310	1,455	1.4%
			9,094	9.1%

[1] Refer to page 22 for market capitalisation size definitions.

PORTFOLIO STATEMENT (continued)

HOLDING	Market cap size[1]	Nominal	Value £000	% of company NAV
IT				
BLS International Services	S	1,000,000	708	0.6%
Tech Mahindra	L	545,000	4,444	4.5%
			5,152	5.1%
Materials				
Berger Paints India	L	980,000	5,405	5.4%
Essel Propack	S	735,075	1,393	1.4%
JK Lakshmi Cement	S	880,207	2,636	2.6%
PI Industries	M	315,320	4,877	4.9%
Ramkrishna Forgings	S	661,230	2,694	2.7%
Sagar Cements	S	365,000	2,093	2.1%
The Ramco Cements	M	320,000	2,583	2.6%
			21,681	21.7%
Real Estate				
Arihant Foundations & Housing	S	592,400	126	0.1%
			126	0.1%
Total equity investments			**94,522**	**94.9%**
Cash less other net current liabilities			5,040	5.1%
Total Net Assets			**99,562**	**100.0%**

Notes:

L: Large cap – companies with a market capitalisation above US$7bn	12.9%
M: Mid cap – companies with a market capitalisation between US$2bn and US$7bn	39.0%
S: Small cap – companies with a market capitalisation below US$2bn	43.0%
	94.9%

[1] Refer to page 22 for market capitalisation size definitions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIA CAPITAL GROWTH FUND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion the financial statements of India Capital Growth Fund Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that in line with the Listing Prospectus and Continuation Resolution published in December 2017, the Board will carry out an assessment of the Company's performance (the Three-Yearly Assessment) and will thereafter propose an ordinary continuation resolution if either of the criteria are not met. We note that the NAV performance relative to the Bombay Stock Exchange ("BSE") Mid Cap Total Return Index over the past three years has to date not met the requirement laid out in the Prospectus. As such a continuation vote may be held in September 2020 based on the assessment of the performance criteria on 6 August 2020. If this ordinary resolution is not passed by a simple majority, it would put the future of the Company at risk.

In response to this, we:

- reviewed the board minutes which outline the discussions surrounding the forthcoming continuation vote;
- held a discussion with the investment manager to understand the extent of any feedback from shareholders to date; and
- assessed whether the NAV performance relative to the BSE Mid Cap Total Return Index has met the requirements laid out in the Prospectus to call a continuation vote.

As stated in note 1, these events or conditions, indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were; • Valuation of the company's investments in subsidiary ICG Q Limited ('ICG Q') as well as those held directly by the company • Going concern (see material uncertainty relating to going concern section)
Materiality	The materiality that we used in the current year was £995,000 which was determined on the basis of 1% of Net Assets.
Scoping	The company holds the underlying investment in ICG Q Limited. Deloitte Guernsey audited the company and ICG Q directly.
Significant changes in our approach	There have been no significant changes in our approach except for the going concern KAM which is discussed above.

5. Conclusions relating to going concern, principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures in note 10 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 13 that they have carried out a robust assessment of the principal and emerging risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 15 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to going concern and the prospects of the company required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the company to continue over the time horizon considered appropriate by the directors.

Aside from the impact of the matters disclosed in the material uncertainty relating to going concern section, we confirm that we have nothing material to add or draw attention to in respect of these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

6. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

6.1. Valuation of the company's investments

Key audit matter description

The company's investments have a fair value of £95.9m (2018: £114.4m) as at 31 December 2019. This is comprised of a £92.2m equity investment in the company's wholly owned subsidiary, ICG Q Limited ("ICG Q") and £3.7m of investments in securities listed on the Indian stock markets, which are held directly by ICG F.

The fair value of ICG Q reflects the underlying fair value of its net assets. ICG Q's underlying investments comprise listed equity securities. Errors or deliberate manipulation of valuations or of recorded investment holdings could result in material misstatement of the financial statements.

Details of the investments are disclosed in notes 5 and 10 and the accounting policies relating to them are disclosed in note 1.

Investments are the most quantitatively significant balance in the Statement of Financial Position of ICG Q and are also a material balance to the company and are an area of focus as they drive the net asset value of ICG Q and ultimately of the company.

How the scope of our audit responded to the key audit matter

In order to test the valuation of the company's investments as at 31 December 2019 we performed the following procedures:

- We obtained an understanding of the controls relating to the valuation of investments, including controls adopted by the company's administrators;
- Assessed the valuation policy and methodology adopted by management in comparison to IFRS and industry practice;
- Reconciled the number of underlying equity shares held by ICG F and ICG Q as at 31 December 2019 to an independently received custodian confirmation;
- Obtained independent pricing information as at 31 December 2019 in order to recalculate the fair value of all of the investments held by ICG F and ICG Q;
- Tested the initial cost and cut-off of investment transactions by agreeing the purchase and sale of a sample of ICG F and ICG Q's equity shares to independent confirmations; and
- We reviewed trading volumes for a sample of investments held by ICG F and ICG Q and enquired as to any liquidity issues with management.

Key observations

Based on our audit work, we concurred with management that the valuation of the company's investments was appropriate.

INDEPENDENT AUDITOR'S REPORT (continued)

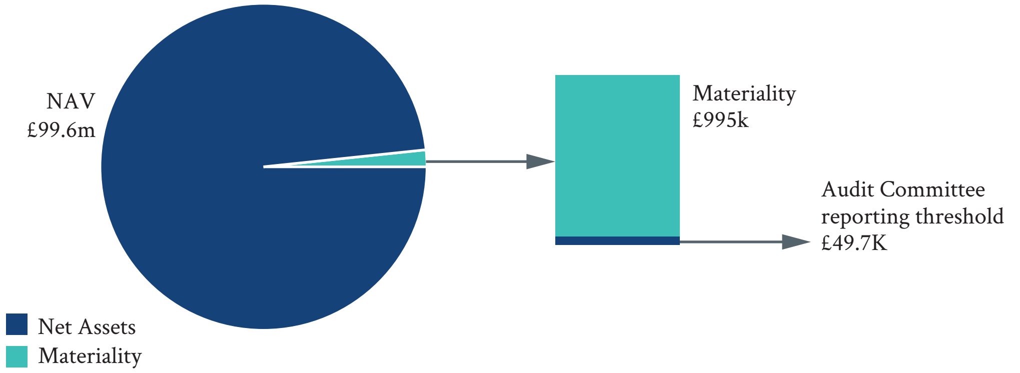
7. OUR APPLICATION OF MATERIALITY

7.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£995,000 (2018: £1,143,000)
Basis for determining materiality	1% of Net Assets, which is consistent with the prior year.
Rationale for the benchmark applied	Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entitie.



7.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered our understanding of the entity, including our assessment of the overall control environment and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

7.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £49,750 (2018: £57,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

8. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

8.1. Scoping

Our audit was scoped by obtaining an understanding of the company and its environment, including internal controls, and assessing the risks of material misstatement.

The company holds the underlying investment in ICG Q Limited. Deloitte Guernsey audited the company and ICG Q directly.

The administrator maintains the books and records of the company and its subsidiary. Our audit therefore included obtaining an understanding of this service organisation (including obtaining and reviewing their controls assurance report) and its relationship with the company.

INDEPENDENT AUDITOR'S REPORT (continued)

9. OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

10. RESPONSIBILITIES OF DIRECTORS

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

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

11. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

12.1 12.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

12. USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Becker
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
19 March 2020

AUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Revenue £000	Capital £000	2019 Total £000	2018 Total £000
Income					
Net loss on financial asset at fair value through profit or loss	5	-	(14,220)	**(14,220)**	(27,989)
Total income		-	(14,220)	**(14,220)**	(27,989)
Expenses					
Operating expenses	3	(431)	-	**(431)**	(422)
LSE Main Market listing expense		-	-	**-**	(155)
Foreign exchange loss		(129)	-	**(129)**	(1)
Investment management fees		(13)	-	**(13)**	-
Transaction costs		(9)	-	**(9)**	-
Total expenses		(582)	-	**(582)**	(578)
Loss for the year before taxation		(582)	(14,220)	**(14,802)**	(28,567)
Taxation	6	-	-	**-**	-
Total comprehensive loss for the year		(582)	(14,220)	**(14,802)**	(28,567)
Loss per Ordinary Share (pence)	4			**(13.16)**	(25.39)
Fully diluted loss per Ordinary Share (pence)	4			**(13.16)**	(25.39)

The total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with IFRS as adopted by the EU. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies, as disclosed in the Basis of Preparation in Note 1.

The profit after tax is the "total comprehensive income" as defined by IAS 1. There is no other comprehensive income as defined by IFRS and all the items in the above statement derive from continuing operations.

The notes on pages 33 to 40 form part of these financial statements.

India Capital
GROWTH FUND

AUDITED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2019 £000	2018 £000
Non-current assets			
Financial asset designated at fair value through profit or loss	5	**95,887**	114,357
Current assets			
Cash and cash equivalents		**3,716**	13
Other receivables and prepayments		**153**	206
		3,869	219
Current liabilities			
Payables and accruals		**(194)**	(212)
Net current assets		**3,675**	7
Net assets		**99,562**	114,364
Equity			
Ordinary share capital	8	**1,125**	1,125
Reserves		**98,437**	113,239
Total equity		**99,562**	114,364
Number of Ordinary Shares in issue	8	**112,502,173**	112,502,173
Net Asset Value per Ordinary Share (pence) - Undiluted and diluted		**88.50**	101.57

The audited financial statements on pages 29 to 40 were approved by the Board of Directors on 19 March 2020 and signed on its behalf by:-

Peter Niven **John Whittle**

The notes on pages 33 to 40 form part of these financial statements.

AUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Share premium £000	Total £000
Balance as at 1 January 2019		1,125	28,413	(10,524)	95,350	114,364
Loss on investments	5	-	(14,220)	-	-	(14,220)
Revenue loss for the period after taxation		-	-	-	(582)	(582)
Balance as at 31 December 2019		1,125	14,193	(10,524)	94,768	99,562

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Share premium £000	Total £000
Balance as at 1 January 2018		1,125	56,402	(9,946)	95,350	142,931
Gain on investments	5	-	(27,989)	-	-	(27,989)
Revenue loss for the period after taxation		-	-	-	(578)	-
Balance as at 31 December 2018		1,125	28,413	(10,524)	95,350	114,364

The notes on pages 33 to 40 form part of these financial statements.

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Operating loss	**(14,802)**	(28,567)
Adjustment for:		
Net loss on financial asset at fair value through profit or loss	**14,220**	27,989
Foreign exchange losses	**129**	1
Decrease/(increase) in receivables	**53**	(17)
Decrease in payables	**(18)**	(253)
Net cash flows used in operating activities	**(418)**	(847)
Cash flows from investing activities		
Acquisition of investments	**(3,650)**	-
Partial redemption of investment in ICG Q Limited	**7,900**	785
Net cash flows generated from investing activities	**4,250**	785
Net decrease in cash and cash equivalents during the year	**3,832**	(62)
Cash and cash equivalents at the start of the year	**13**	76
Foreign exchange losses	**(129)**	(1)
Cash and cash equivalents at the end of the year	**3,716**	13

The notes on pages 33 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The financial statements for the year ended 31 December 2019 have been prepared under the historical cost convention adjusted to take account of the revaluation of the Company's investments to fair value.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies (AIC) in November 2014, and subsequently revised in November 2019, is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. In particular, supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature has been presented alongside the statement of comprehensive income.

Going concern

Given the Company's relative performance, in particular over the last 12 months, as discussed in the Chairman's Statement, the Directors may be required to propose a continuation ordinary resolution at the Company's Annual General Meeting scheduled for September 2020, which if not passed by simple majority, would put the future of the Company at risk. The Directors are considering options to present to shareholders. Due to the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern. Notwithstanding the uncertainty over the continuation of the Company, the Directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future therefore the financial statements have been prepared on a going concern basis.

Impact of IFRS 10 'Consolidated Financial Statements'

As set out under IFRS 10, a parent entity that qualifies as an investment entity should not consolidate its subsidiaries. The Company meets all the following criteria to qualify as an investment entity:-

(i) Obtaining funds from one or more investors for the purpose of providing those investors with investment management services - the Board of Directors of the Company has delegated this function to its investment manager, Ocean Dial Asset Management Limited;

(ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both - funds are invested in ICG Q Limited for the sole purpose of achieving capital appreciation via further placements in Indian listed securities; and

(iii) Measures and evaluates the performance of substantially all of its investments on a fair value basis - on a monthly basis, the Company's investment in ICG Q Limited is revalued at the prevailing Net Asset Value ("NAV") at the corresponding valuation date.

The IFRS 10 Investment Entity Exemption requires investment entities to fair value all subsidiaries that are themselves investment entities. As the subsidiary meets the criteria of an investment entity, it has not been consolidated.

On the basis of the above, these financial statements represent the stand-alone figures of the Company.

Expenses

Expenses are accounted for on an accruals basis. Other expenses, including management fees and transaction costs, are allocated to the revenue column of the statement of profit or loss and other comprehensive income.

Taxation

Full provision is made in the statement of profit or loss and other comprehensive income at the relevant rate for any taxation payable in respect of the results for the year.

Investments

The Company's investments are designated at fair value through profit or loss ("FVPL") at the time of acquisition. It is initially recognised at fair value, being the cost incurred at acquisition. Transaction costs are expensed in the statement of comprehensive income. Gains and losses arising from changes in fair value are presented in the statement of comprehensive income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

The investment is designated at fair value through profit or loss at inception because it is managed and its performance evaluated on a fair value basis in accordance with the Company's investment strategy as documented in the Prospectus and information thereon is evaluated by the management of the Company on a fair value basis.

The basis of the fair value of the investment in the underlying subsidiary, ICG Q Limited, is its Net Asset Value. ICG Q Limited's investments are designated at fair value through profit and loss.

Purchases and sales are recognised on the trade date - the date on which the Company commits to purchase or sell the investment.

The financial asset is derecognised when the rights to receive cash flows from the investment have expired or the Company has transferred substantially all risks and rewards of ownership

Impairment of financial assets

The Company has chosen to apply the simplified approach for expected credit losses ("ECL") under IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Receivables and Payables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss. The losses arising from impairment are recognised in profit or loss.

Other financial liabilities include all financial liabilities, other than those classified as at FVPL. The Company includes in this category short-term payables.

Foreign currency translation

The Company's shares are denominated in Sterling and the majority of its expenses are incurred in Sterling. Accordingly, the Board has determined that the functional currency is Sterling. Sterling is also the presentational currency of the financial statements.

Monetary foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling at the statement of financial position date. Investment transactions and income and expenditure items are translated at the rate of exchange ruling at the date of the transactions. Gains and losses on foreign exchange are included in the statement of comprehensive income.

Cash and cash equivalents

Cash comprises of Bank current accounts. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant changes in value.

Share capital

The share capital of the Company comprises Ordinary Shares which have all the features and have met all the conditions for classification as equity instruments under IAS 32 (amended) and have been classified as such in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Standards, interpretations and amendments to published statements effective but not material to the financial statements

The following standards and amendments have been issued and are mandatory for accounting periods beginning on or after 1 January 2019 but are not relevant or have no material effect on the Company's operations or financial statements:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with negative compensation (Amendments to IFRS 9)
- Annual Improvements to IFRSs 2015–2017 Cycle

Other standards in issue, but not yet effective, are not expected to have a material effect on the financial statements of the Company in future periods and have not been disclosed.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

IFRS require management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results.

a) Critical accounting estimate: Financial asset designated at fair value through profit or loss
The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity analysis in note 11. In relation to the valuation of the unlisted investment, actual results may differ from the estimates. It is management's judgement that the Net Asset Value of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments which are all listed on stock exchanges in India and therefore are mostly regarded as highly liquid.

b) Significant judgment: consolidation of entities
The Company, under the investment entity exemption rule, holds its investments at fair value

The Company meets the definition of an investment entity per IFRS 10 as detailed in note 1.

3. OPERATING EXPENSES

	2019 £000	2018 £000
Administration and secretarial fees	**43**	48
Audit fees	**30**	29
Broker fee	**31**	26
D&O insurance	**6**	5
Directors' fees	**88**	88
General expenses	**84**	55
Marketing expenses	**111**	110
Other professional fees	**12**	36
Registrar fee	**6**	6
Regulatory fees	**20**	19
	431	422

4. LOSS PER SHARE

Loss per Ordinary Share and the fully diluted loss per share are calculated on the loss for the year of £14,802,000 (2018: £28,567,000) divided by the weighted average number of Ordinary Shares of 112,502,173 (2018: 112,502,173).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise of investments in securities listed on Indian stock markets, namely the National Stock Exchange or the Bombay Stock Exchange, as well as investment in the wholly-owned subsidiary, ICG Q Limited. A summary of movements is as follows:

	2019 Total £000	2018 Total £000
Fair value at beginning of year	**114,357**	143,131
Reduction in share capital	**(7,900)**	(785)
Acquisition of investments	**3,650**	-
Realised gain on share capital reduction	**4,683**	336
Unrealised loss on revaluation	**(18,903)**	(28,525)
Fair value at end of year	**95,887**	114,357

The net realised and unrealised losses totalling £14,220,000 (2018: £27,989,000) on financial assets at fair value through profit and loss comprise of losses on the Company's holding in ICG Q Limited to the extent of £14,264,000 (2018: £27,989,000) and gains of £44,000 arising from investments in securities listed on Indian stock markets. The movement arising from the Company's holding in ICG Q Limited is driven by the following amounts within the financial statements of ICG Q Limited, as set out below.

	2019 Total £000	2018 Total £000
Dividend income	**783**	758
Other income	**-**	15
Unrealised loss on financial assets at fair value through profit and loss	**(17,969)**	(34,451)
Foreign exchange loss	**(3)**	-
Realised gain on disposal of investments	**4,585**	7,659
Investment management fees	**(1,459)**	(1,815)
Other operating expenses	**(69)**	(71)
Taxes	**(38)**	(19)
Transaction costs	**(94)**	(65)
Net loss of ICG Q Limited	**(14,264)**	(27,989)

The equity investment represents ICG Q Limited, the Company's wholly owned subsidiary. ICG Q Limited is incorporated and has its principal place of business in the Republic of Mauritius. The Company holds Participating Shares in ICG Q Limited, which confer voting rights to the Company, hence controlling interests.

6. TAXATION

Guernsey

India Capital Growth Fund Limited is exempt from taxation in Guernsey on non-Guernsey sourced income. The Company is exempt under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended) and paid the annual exemption fee of £1,200.

For the year ended 31 December 2019, the Company had a tax liability of £nil (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. SEGMENTAL INFORMATION

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form two segments under the standard. From a geographical perspective, the Company's activities are focused in two areas – Mauritius and India. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in note 9 to disclose the underlying information.

8. SHARE CAPITAL

Authorised Share Capital

Unlimited number of Ordinary Shares of £0.01 each

	Number of shares	Share capital £000
Ordinary Shares of £0.01 each At 31 December 2019	**112,502,173**	**1,125**
At 31 December 2018	112,502,173	1,125

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables show via financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving 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) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The analysis as at 31 December 2019 is as follows:	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	**3,694**	**-**	**-**	**3,694**
Unlisted securities	**-**	**92,193**	**-**	**92,193**
Total	**3,694**	**92,193**	**-**	**95,887**

The analysis as at 31 December 2018 is as follows:	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	-	-	-	-
Unlisted securities	-	114,357	-	114,357
Total	-	114,357	-	114,357

The Company's investment in ICG Q Limited, the Company's wholly owned subsidiary is priced based on the subsidiary's net asset value as calculated as at the reporting date. The Company has the ability to redeem its investment in ICG Q Limited at the net asset value at the measurement date therefore this is categorised as level 2. The classification within the hierarchy does not necessarily correspond to the Investment Manager's perceived risk of the investment, nor the level of the investments held within the subsidiary. All the underlying investments of ICG Q Limited are categorised as level 1 at 31 December 2019 and 2018. The year-end fair value of those investments, together with cash held in ICG Q Limited, comprise all but an insignificant proportion of the net asset value of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. FINANCIAL INSTRUMENTS AND RISK PROFILE

The primary objective of India Capital Growth Fund Limited is to provide long-term capital appreciation by investing predominantly in companies based in India directly and through its subsidiary. The investment policy permits making investments in a range of equity and equity linked securities of such companies. ICG Q Limited's portfolio of investments is predominantly in listed mid cap and small cap Indian companies and did not hold any unlisted securities during the year ended 31 December 2019. While the principal focus is on investments in listed equity securities or equity-linked securities, ICG Q Limited has the flexibility to invest in bonds, convertibles and other type of securities.

The specific risks arising from the Company's exposure to these instruments and the Investment Manager's policies for managing these risks, which have been applied throughout the year, are summarised below:

Capital management

The Company is a closed-ended investment company and thus has a fixed capital for investment. It has no legal capital regulatory requirement. The Board has the power to purchase shares for cancellation thus reducing capital and the Board considers on a regular basis whether it is appropriate to exercise such powers. In the year ended 31 December 2019, the Board determined that it was inappropriate to exercise such powers, although continuation of these powers will be sought at the Annual General Meeting.

The Board also considers from time to time whether it may be appropriate to raise new capital by a further issue of shares. The raising of new capital would, however, be dependent on there being genuine market demand.

The Company directly holds 4 listed equity instruments, as well as an investment in ICG Q Limited, which holds an underlying portfolio of 32 listed equity instruments based in India. Below is an assessment of the various risks the Company may be exposed to via ICG Q Limited and its direct investments in listed equity instruments.

Market Risk

Market price risk arises mainly from the uncertainty about future prices of the investments in listed equity instruments and financial instruments held by ICG Q Limited. It represents the potential loss the Company and ICG Q Limited may suffer through holding market positions in the face of price movements.

The Company and ICG Q Limited's investment portfolios are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies and in adherence to the investment guidelines and the investment and borrowing powers set out in the Admission Document. ICG Q Limited's investment portfolio is concentrated and, as at 31 December 2019, comprised investment in 32 companies. ICG Q Limited thus has higher exposure to market risk in relation to individual stocks than more broadly spread portfolios.

ICG Q Limited's portfolio consists predominantly of mid cap and small cap listed Indian securities, and thus the effect of market movements is not closely correlated with the principal market index, the BSE Sensex. The BSE Mid Cap Total Return Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio. Assuming perfect correlation the sensitivity of the Company and ICG Q Limited to market price risk can be approximated by applying the percentage of funds invested (2019: 94.94%; 2018: 92.80%) to any movement in the BSE Mid Cap Total Return Index. At 31 December 2019, with all other variables held constant, this approximation would produce a movement in the net assets of the Company and ICG Q Limited of £18,904,000 (2018: £10,613,000) for a 20% (2018: 10%) movement in the index which would impact the Company via a fair value movement of the same magnitude in its holding in ICG Q Limited.

Foreign currency risk

Foreign currency arises mainly from the fair value or future cash flows of the financial instruments held by the Company and ICG Q Limited fluctuating because of changes in foreign exchange rates. ICG Q Limited's portfolio comprises of predominantly Rupee denominated investments but reporting, and in particular the reported Net Asset Value, is denominated in Sterling. Any appreciation or depreciation in the Rupee would have an impact on the performance of the Company. The underlying currency risk in relation to ICG Q Limited's investments is the Rupee. ICG Q Limited's policy is not to hedge the Rupee exposure.

ICG Q Limited may enter into currency hedging transactions but appropriate mechanisms on acceptable terms are not expected to be readily available.

At 31 December 2019, if the Indian Rupee had strengthened or weakened by 10% (2018: 10%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £9,923,000 (2018: £11,439,000) higher or lower, respectively, mainly as a result of foreign exchange gains or losses on translation of Indian Rupee denominated financial assets designated at fair value through profit or loss in ICG Q Limited and the consequent impact on the fair value of the Company's investment in ICG Q Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

Credit risk

Credit risk arises mainly from an issuer or counterparty being unable to meet a commitment that it has entered into with ICG Q Limited and the Company. Credit risk in relation to securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are effected against binding subscription agreements.

The principal credit risks for the Company are in relation to cash held by the custodian. Kotak Mahindra Bank Limited ("Kotak") acts as the custodian to the Company and has a credit rating of AAA, as provided by CRISIL. The aggregate exposure to Kotak at 31 December 2019 was £5,182,000 (2018: £8,388,000).

Kotak acted as custodian of the Group's assets during the period. The securities held by Kotak as custodian are held in trust and are registered in the name of ICG Q Limited.

Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest. The direct effect of movements in interest rates is not material as any surplus cash is predominantly in Indian Rupees, and foreign investors are not permitted to earn interest on Rupee balances.

Liquidity risk

Liquidity risk arises mainly from the Company and ICG Q Limited encountering difficulty in realising assets or otherwise raising funds to meet financial commitments. As the trading volume on the Indian stock markets is lower than that of more developed stock exchanges the Group may be invested in relatively illiquid securities. ICG Q Limited has no unlisted securities. ICG Q Limited's focus is to invest predominantly in mid and small cap listed stocks. As noted in the Investment Manager's Report, minimum liquidity criteria are utilised for new purchases. However there remain holdings where there is relatively little market liquidity, which may take time to realise. The Directors do not believe that the market is inactive enough to warrant a discount for liquidity risk on ICG Q Limited's investments.

The Company and ICG Q Limited seek to maintain sufficient cash to meet its working capital requirements. The Directors do not believe it to be appropriate to adjust the fair value of the Company's investment in ICG Q Limited for liquidity risk, as it has the ability to effect a disposal of any investment in ICG Q Limited's portfolio at the prevailing market price and the distribution of proceeds back to the Company should it so wish.

All liabilities are current and due on demand.

Taxation risk

Taxation risk arises mainly from the taxation of income and capital gains of ICG Q Limited and the Company increasing as a result of changes in the tax regulations and practice in Guernsey, Mauritius and India. ICG Q Limited is registered with the Securities and Exchange Board of India ("SEBI") as a foreign portfolio investor ("FPI") with a Category II licence, holds a Category 1 Global Business Licence in Mauritius and has obtained a Mauritian Tax Residence Certificate ("TRC") which have been factors in determining its resident status under the India-Mauritius Double Taxation Avoidance Agreement ("DTAA") and General Anti Avoidance Rules ("GAAR") under the Income Tax Act 1961 ("ITA").

However, with effect from April 2017, the DTAA was amended such that the advantages of investing in India via Mauritius were removed and capital gains arising from investments in Indian companies are subject to Indian Capital Gains Tax regulations. Consequently, tax on short term capital gains (for investments held less than 12 months) of 15% and long-term capital gains (for investments held for 12 months or longer) of 10% will apply to the investment portfolio in future.

ICG Q Limited seeks to minimise the impact of these changes in the taxation rates applicable to its capital gains by maintaining its investment strategy of investing in a concentrated portfolio for long term capital appreciation. There is no capital gains tax accrual at 31 December 2019 (2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are responsible for the determination of the investment policy and have overall responsibility for the Company's activities. Directors' fees are disclosed in the unaudited Directors' remuneration report. The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiaries equivalent to, effective 1 July 2019, 1.25 per cent per annum of the aggregate value of its assets less current liabilities, calculated and payable monthly in arrears. Management fee for the period from 1 January 2019 to 30 June 2019 was 1.5 per cent per annum of the Company's Total Assets, calculated and payable monthly in arrears. The Investment Manager earned £1,472,000 in management fees during the year ended 31 December 2019 (2018: £1,815,000) of which £106,000 was outstanding at 31 December 2019 (2018: £146,000).

Under the terms of the Administration Agreement, Apex Fund and Corporate Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a fee of 5 basis points of the NAV of the Company, whichever is greater. The Administrator is also entitled to reimbursement of all out of pocket expenses recoverable by way of a fixed disbursement charge of US$50 per month excluding all international calls and courier. The Administrator earned £43,000 for administration and secretarial services during the year ended 31 December 2019 (2018: £48,000) of which £16,300 was outstanding at 31 December 2019 (2018: £3,300).

12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2019 and the date of approving these financial statements.

13. SUBSEQUENT EVENTS

Since the financial year-end, the global economy is grappling with a worldwide pandemic, an oil price war, and unprecedented extreme volatility in capital markets. The situation is rapidly evolving on a daily basis and as such determining the likely near term impact on the Indian economy and the Company is a challenging task. The Company's Net Asset Value and Share Price have fallen significantly since the year-end, and the discount widened. The Investment Manager continues to assess business fundamentals in India relative to the prices on offer in the Indian equity markets on an ongoing basis and expects the Indian economy to recover when this period of uncertainty passes.

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