THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to India Capital Growth Fund Limited (the "**Company**") prepared in accordance with the Prospectus Rules and the Authorised Closed-Ended Investment Scheme Rules 2008, has been delivered to the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Company's entire issued ordinary share capital comprising 112,502,173 ordinary shares of £0.01 par value each is currently admitted to trading on the Alternative Investment Market of the London Stock Exchange. Applications will be made to the UK Listing Authority and to the London Stock Exchange respectively for admission of all of the Shares to: (i) the Official List; and (ii) the London Stock Exchange's market for listed securities. No application has been made or is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the Shares will commence on 24 January 2018. Upon Admission, the admission of the Shares to trading on AIM will be cancelled.

The Company, whose registered office appears on page 29 of this Prospectus, and the Directors, whose names appear on page 29 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Investors should read the entire document and, in particular, the section headed "Risk Factors" beginning on page 14 for a discussion of the risks that might affect your shareholding in the Company.

INDIA CAPITAL GROWTH FUND LIMITED

(a collective investment scheme incorporated in Guernsey with registration number 43916 and authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme)

Introduction to the Premium Listing Segment of the Official List and to trading on the Main Market of the London Stock Exchange

Financial Adviser and Sponsor

Stockdale Securities Limited

The Company is an authorised closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008 issued by the GFSC.

Neither the GFSC nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

Stockdale Securities Limited ("**Stockdale**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and for no-one else in connection with Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with Admission. Stockdale is not responsible for the contents of this document. This does not limit or exclude any responsibilities which Stockdale may have under FSMA or the regulatory regime established thereunder.

The Company is not offering any Shares nor any other securities in connection with Admission. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any Shares nor any other securities in any jurisdiction. The Shares will not be generally made available or marketed to the public in the UK or any other jurisdiction in connection with Admission.

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities or regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) absent: (i) registration under the U.S. Securities Act or (ii) an available exemption under the U.S. Securities Act. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. This document may not be distributed in whole or in part into the United States or to U.S. Persons.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The Shares have not been, and will not be, registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. The Shares have not been and will not be offered or sold in Australia, Canada, Japan or the Republic of South Africa or to or for the account or benefit of any person resident in Australia, Canada, Japan or the Republic of South Africa and this document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Shares in such jurisdiction or in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. This document may not be distributed in whole or in part, in or into Australia, Canada, Japan or the Republic of South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any restrictions.

Dated: 21 December 2017

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
Element	**Disclosure Requirement**	**Disclosure**
A.1.	Warning	This summary should be read as an introduction to this document. Any decision to invest in Shares should be based on consideration of the document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of Member States of the European Union, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale or final placement of securities through financial intermediaries	Not applicable.

Section B – Issuer		
Element	**Disclosure Requirement**	**Disclosure**
B.1.	Legal and commercial name	India Capital Growth Fund Limited.
B.2.	Domicile and legal form	The Company is a non-cellular company limited by shares registered in Guernsey under the Companies Law on 11 November 2005 with registered number 43916. The principal legislation under which the Company operates is the Companies Law.

<table>
<tr>
<td>B.5.</td>
<td>Group description</td>
<td>The Company has one subsidiary:
<table>
<tr><th>Name</th><th>Principal Activity</th><th>Proportion of Ownership Interest (%)</th></tr>
<tr><td>ICG Q Limited</td><td>Investment</td><td>100</td></tr>
</table>
</td>
</tr>
<tr>
<td>B.6.</td>
<td>Major shareholders</td>
<td>As at 19 December 2017 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons hold directly or indirectly three per cent. or more of the Shares:
<table>
<tr><th>Name</th><th>Number of shares</th><th>% holding</th></tr>
<tr><td>Lazard Asset Management</td><td>18,762,951</td><td>16.68</td></tr>
<tr><td>Hargreaves Lansdown</td><td>13,821,698</td><td>12.29</td></tr>
<tr><td>Charles Stanley</td><td>6,284,705</td><td>5.59</td></tr>
<tr><td>EFG Harris Allday</td><td>6,119,270</td><td>5.44</td></tr>
<tr><td>Miton Asset Management</td><td>5,850,000</td><td>5.20</td></tr>
<tr><td>Rathbones</td><td>4,169,557</td><td>3.71</td></tr>
<tr><td>AJ Bell</td><td>3,810,685</td><td>3.39</td></tr>
</table>
All Shareholders have the same voting rights in respect of the share capital of the Company.
As at 19 December 2017 (being the latest practicable date prior to the publication of this document), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
</td>
</tr>
<tr>
<td>B.7.</td>
<td>Key financial information</td>
<td>The table below sets out the key financial information that has been extracted without material adjustment from the Company's audited financial statements in respect of the financial years ended 31 December 2014, 2015 and 2016, and the interim report and unaudited financial statements for the period from 1 January 2017 to 30 June 2017 each of which are reproduced in full in Part 7 of this document. The Company believes that this information summarises the financial condition and operating results of the Group over the relevant period.</td>
</tr>
</table>

£'000 otherwise stated	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017 (unaudited)
Financial assets designated at fair value through profit or loss	55,776	60,509	100,374	124,249
Net Asset Value	55,693	60,480	100,478	124,431
Net Asset Value per Share (pence) – undiluted	74.26	80.64	89.31	110.60
Net Asset Value per Share (pence) – diluted	69.83	74.09	89.31	110.60

	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Half year ended 30 June 2017 (unaudited)
Profit/(loss) before taxation (revenue)	(438)	(286)	(262)	(172)
Profit/(loss) before taxation (capital)	21,278	5,073	17,385	24,125
Profit/(loss) before taxation (total)	20,840	4,787	17,123	23,953
Profit/(loss) after taxation (revenue)	(438)	(286)	(262)	(172)
Profit/(loss) after taxation (capital)	21,278	5,073	17,385	24,125
Profit/(loss) after taxation (total)	20,840	4,787	17,123	23,953
Earnings/(loss) per Share (pence)	27.79	6.38	19.04	21.29

There has been no significant change in the financial condition or operating results of the Group since 30 June 2017, being the latest date in respect of which the Company has published financial information.

B.8.	Key pro forma financial information	Not applicable. No pro forma financial information.
B.9.	Profit forecast or estimate	Not applicable. No profit forecast or estimate made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained in this document are not qualified.
B.11.	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is, at least the next 12 months from the date of this document.
B.34.	Description of investment objective, policy and restrictions	**Investment Objective** The Company's investment objective is to provide long-term capital appreciation by investing directly or indirectly, in companies based in India.

		Investment Policy The investment policy permits the Group 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. The Company is subject to the following investment limitations: • no more than 10 per cent. of Total Assets (measured at the time of investment) may be invested in the securities of any one Issuer; and • no more than 10 per cent. of Total Assets (measured at the time of investment) may be invested in listed closed-ended funds. While the principal focus is on investment in listed or unlisted 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. It is the Group's current policy not to hedge its exposure to the Rupee. The Group will not invest in other UK listed investment companies including UK investment trusts.
B.35.	Borrowing and/or leverage limits	The Group may, for the purposes of hedging and investing, use derivative instruments such as financial futures, options and warrants, but the Board does not intend to use derivatives for investment purposes. The Company may, from time to time use borrowings to provide short-term liquidity and, if the Board 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 per cent. of the net assets of the Group at the time of the drawdown.
B.36.	Regulatory status	The Company operates under the Companies Law in Guernsey and ordinances and regulations made thereunder. The Company is regulated in Guernsey as an authorised closed-ended collective investment scheme pursuant to the POI Law and the Authorised Closed-Ended Investment Scheme Rules 2008 issued by the GFSC. The Company is not regulated in the UK as a collective investment scheme by the FCA. However, it is subject to the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, MAR and the rules of the London Stock Exchange.

B.37.	Typical investor	An investment in the Shares is only suitable for institutional investors and professionally advised private investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio.
B.38.	Investment of 20 per cent. or more in a single underlying issuer or investment company	Not applicable. The Company will not invest more than 20 per cent of gross assets in a single underlying issue or investment company.
B.39.	Investment of 40 per cent. or more in another collective investment undertaking	Not applicable. The Company will not invest more than 40 per cent of gross assets in another collective investment undertaking.
B.40.	Applicant's service providers	**Investment Manager** The Investment Manager is appointed pursuant to the Investment Management Agreement, under which the Investment Manager is responsible for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and investment policy. Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee payable monthly in arrears at a rate equivalent to 1.5 per cent. per annum of the value of the Company's Total Assets. **Administrator** The Administrator has been appointed to act as administrator of the Company and to provide company secretarial services under the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administrator is entitled to a minimum fee of US$61,750 per annum or 5 basis points of the NAV of the Company, whichever is the greater. **Mauritian Administrator** Apex Fund Services (Mauritius) Limited acts as Mauritian Administrator to the Subsidiary. In such capacity, the Mauritian Administrator carries out services of a company secretarial, accounting and administrative nature. The Mauritian Administrator shall be entitled under the terms of the Mauritian Administration Agreement to a minimum fee of US$29,000 or 5 basis points of the NAV of the Subsidiary whichever is the greater.

		Custodian The Custodian has been appointed to act as custodian of the Company's assets pursuant to the Custodian Agreement. The Custodian is entitled to receive from the Company fees at the rate as may be agreed in writing between the Custodian and the Company from time to time together with all out-of-pocket and third party expenses as per actuals. **Registrar** The Registrar has been appointed to act as registrar to the Company pursuant to the Registrar Agreement. Under the terms of the Registrar Agreement, the Company shall pay the Registrar an annual fee payable monthly in arrears, which will be a minimum of £1,248.00.
B.41.	Identity and regulatory status of Investment Manager and the Custodian	Ocean Dial Asset Management Limited has been appointed as the Company's Investment Manager. The Investment Manager is authorised and regulated by the FCA. Kotak Mahindra Bank Limited has been appointed as custodian of the Group's assets. Kotak Mahindra Bank Limited is authorised and licensed by the Reserve Bank of India under the Banking Regulation Act 1949.
B.42.	Calculation of Net Asset Value	The unaudited estimated Net Asset Value (and Net Asset Value per Share) is calculated monthly (and rounded to two decimal places) in Sterling by the Administrator. A daily unaudited estimated figure is calculated in Sterling by the Investment Manager. Such calculations are notified daily through a Regulatory Information Service announcement every working day and published on the Company's website. Any suspension in the calculation of the Net Asset Value will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.
B.43.	Cross liability	Not applicable; the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	Statement confirming no financial statements are in existence	Not applicable; the Company has commenced operations and historical financial information is included within this document. Please see the key financial information at B.7.

B.45.	Portfolio	As at 19 December 2017 (being the latest practicable date prior to the publication of this document), the Company held 39 investments with an aggregate unaudited value of £138.27 million. The Company is a diversified fund which has interests in a number of Indian listed securities in a variety of sectors. As at 19 December 2017: • the Company's 20 largest investments represented 65.6 per cent. of NAV. • the Company's largest sector exposure was Financials which represented 25.8 per cent. of NAV. • cash and cash equivalents represent 3.0 per cent. of NAV.
B.46.	Net Asset Value	As at 30 November 2017, the unaudited Net Asset Value per Share as calculated by the Administrator was 124.10 pence. As at 19 December 2017 (being the latest practicable date prior to the publication of this document), the unaudited Net Asset Value per Share was 126.72 pence.

Section C – Securities		
Element	**Disclosure Requirement**	**Disclosure**
C.1.	Type and class of securities	The nominal value of the total issued share capital of the Company immediately following Admission will be £1,125,021.73 divided into 112,502,173 Shares all of which have been issued fully paid. The ISIN of the Shares is GG00BGLCWK02 and the SEDOL is BGLCWK0. The ticker for the Company is UK:IGC. The LEI number of the Company is 213800TPOS9AM7INH846.
C.2.	Currency	The Shares are denominated in Sterling.
C.3.	Details of share capital	Set out below is the issued share capital of the Company as at 19 December 2017 (being the latest practicable date prior to the publication of this document): *Aggregate Nominal Value (£)* / *Number* Shares 1,125,021.73 112,502,173 The Shares are fully paid up.
C.4.	Description of the rights attaching to the securities	The Shares carry the right to receive notice of, attend and vote at general meetings of the Company. The Shares rank equally for voting purposes. On a show of hands each Shareholder has one vote and on a poll, each Shareholder has one vote per Share held. The holders of the Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Shares that they hold.

		On a winding-up or a return of capital by the Company, the net assets of the Company attributable to the Shares shall be divided *pro rata* among the holders of the Shares.
C.5.	Restrictions on the free transferability of the securities	Not applicable; there are no restriction on the free transferability of the Shares (subject to compliance with applicable securities laws).
C.6.	Admission	Application has been made to the UK Listing Authority for all of the issued Shares to be admitted to the Premium Listing segment of the Official List and for all such Shares to be admitted to trading on the Main Market for listed securities. It is expected that Admission will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 24 January 2018.
C.7.	Dividend policy	The Directors intend to achieve returns for the Company's members primarily through capital growth rather than income. Accordingly, the Directors do not intend to pay a significant annual dividend, if any.

Section D – Risks		
Element	**Disclosure Requirement**	**Disclosure**
D.1.	Key information on the key risks that are specific to the Company or its industry	**The Company may not meet its investment objective** The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met. **Investor returns will be dependent on the performance of the portfolio and the Company may experience fluctuations in its operating results** The market value of the Shares may fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period and this may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders. **Calculation of Net Asset Value** In calculating the Company's unaudited Net Asset Value, the Company will have regard to the various valuation policies that it has adopted. The value of securities which are quoted or dealt in on any stock

		exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange. However, in circumstances where such prices are not available, or the Investment Manager believes such securities are not traded in sufficient volume for the market price to represent an accurate valuation, such holdings will be attributed to a fair value as determined by the Board. Accordingly such fair valuations may not be accurate and this may impact on the accuracy of the unaudited Net Asset Value reported to Shareholders. **Currency and interest rate risks and hedging risks** The Company has made and will make investments in, and earns income denominated in, Rupees. Exchange rate fluctuations and local currency devaluation may have a material effect on the Net Asset Value, which is expressed in Sterling. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Group's variable rate cash borrowings. **Delays in currency conversion** Most of the Company's investments are in securities that are denominated in Rupees and that pay dividends in Rupees. The Company will need to convert Rupees back into Sterling when funds are remitted outside of India, but the Rupee is currently not a freely convertible currency. Due to current applicable Indian currency and tax restrictions, there is no assurance that the Company will be able to convert Rupee proceeds from the disposal of investments or income arising from investments into Sterling at all or at any particular exchange rate. Any delay in conversion may increase the Company's exposure to depreciation of the Rupee against other currencies which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders. **Indian market risk** The Group will invest in companies based in India where the regulatory framework is still developing. The value of the investments made by the Group may be affected by foreign exchange rates and controls, interest rates, changes in Government policy, social and civil unrest and other political, economic and other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation; however, there is no assurance that future political and economic conditions in India will not result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of

		assets, taxation, rates of exchange, environmental protection, labour relations, and repatriation of income and return of capital, thereby influencing the Group's ability to generate profits. Such policy changes could extend to the expropriation of assets. **Legal and regulatory changes** Legal and regulatory changes could occur that may adversely affect the Group. Changes in the regulation of investee companies may adversely affect the value of the Group's investments and the ability of the Group to successfully pursue its investment strategy. **General market risk** Trading volume on the Indian securities exchanges can be substantially less than on the leading stock markets of the developed world, so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Volatility of prices can be greater than in more developed markets. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from the sale of securities. Any inability of the Group to make intended securities purchases due to settlement problems could also cause the Group to miss investment opportunities. **The Company is dependent on the expertise of the Investment Manager and its key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy** The performance of the Company will depend on the ability of the Investment Manager to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager, will be able to provide such services or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses. The Investment Manager in turns uses the expertise of the Investment Adviser for market research and advice. If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that such a replacement will be found which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

D.3.	Key information on the key risks that are specific to the Shares	The Shares may trade at a discount to the Net Asset Value per Share. Shareholders may be unable to realise their investments through the secondary market at Net Asset Value per Share or at all. There may not be a liquid market in the Shares. Shareholders have no right to have their Shares redeemed or repurchased by the Company at any time.

Section E – Offer		
Element	**Disclosure Requirement**	**Disclosure**
E.1.	Proceeds and costs of the Issue	Not applicable. No offer of Shares is being made in conjunction with Admission. There will be no charges made to investors. The total expense payable by the Company in connection with Admission are estimated to be approximately £510,000 (exclusive of VAT).
E.2.a.	Reason for the Issue and use of proceeds	The Board believes that the proposed move to the Main Market will help it access an expanded investor audience, putting it on a par with other listed Asia-focused investment trusts, and so benefit from enhanced liquidity and potentially an improved rating. Not applicable; this document relates to the application for listing of existing Shares on the Official List and to trading on the main market for listed securities of the London Stock Exchange. No offer of Shares is being made in conjunction with Admission.
E.3.	Terms and conditions of the offer	Not applicable. No offer of Shares is being made in conjunction with Admission.
E.4.	Interests material to the offer	Not applicable. No offer of Shares is being made in conjunction with Admission, and therefore there are no interests (including conflicts of interest) which are material to the listing of existing Shares.
E.5.	Name of person selling the security and lock up arrangements	Not applicable. No offer of Shares is being made in conjunction with Admission, and therefore there are no lock-up agreements.
E.6.	Dilution	Not applicable. No offer of Shares is being made in conjunction with Admission.
E.7.	Estimated Expenses charged to the investor by the issuer	Not applicable. The Company is not undertaking an offer of its securities and so no commissions, fees or expenses will be charged to investors.

RISK FACTORS

Investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company or the Shares, including, in particular, the risks described below. An investment in the Shares is only suitable for investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Shares, for whom an investment in the Shares would be of a long-term nature and constitute part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Shares.

The Directors believe the risks described below are the material risks relating to an investment in the Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review this document carefully and in its entirety and consult with their professional advisers before making an investment in the Shares.

GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, currency exchange rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

RISKS RELATING TO THE COMPANY AND ITS INVESTMENT STRATEGY

The Company may not meet its investment objective

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

Past performance cannot be relied upon as an indicator of future performance

The past performance of the Company and other portfolios managed by the Investment Manager is not a guide to the future performance of the Company. Investors' returns will be dependent on the Company successfully pursuing its investment policy. The success of the Company will depend, *inter alia*, on the Investment Manager's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Investment Manager to apply its investment processes in a way which is capable of identifying suitable investments and managing such investments. There can be no assurance that the Investment Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

Investor returns will be dependent on the performance of the portfolio and the Company may experience fluctuations in its operating results

The market value of the Shares may fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment. The Company may experience fluctuations in its operating results due to a number of factors including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by the companies in the portfolio, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period and this may materially adversely affect the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Calculation of Net Asset Value

In relation to calculation of the Company's unaudited Net Asset Value, the Company will have regard to the various valuation policies that it has adopted. The value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange. However, in circumstances where such prices are not available, or the Investment Manager believes such securities are not traded in sufficient volume for the market price to represent an accurate valuation, such holdings will be attributed to a fair value as determined by the Board. Accordingly, such fair valuations may not be accurate and this may impact on the accuracy of the unaudited Net Asset Value reported to Shareholders.

Cash management and credit risk of bank deposits

To the extent that the Company has cash balances these may be held on deposit with banks or financial institutions. Returns on cash may be materially lower than those available on the Company's target investments and material cash balances may have a material adverse effect on affect the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

To the extent that the Company holds material cash balances it will be subject to the credit risk of the banks or financial institutions with which they are deposited. If any such bank, financial institution or counterparty were to become insolvent, or default on its obligations, the Company would be exposed to the potential loss of the sum deposited. This may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Sufficiency of due diligence

Whilst the Investment Manager will implement due diligence processes in connection with the Company's investments, this may not reveal all facts that may be relevant in connection with an investment and may not highlight issues that could affect the investments' performance. Further, disclosure, accounting and other regulatory standards in India are, in many respects, less stringent than the standards found in more developed markets. This may result in the Company having less adequate or less accurate information regarding its investments than might be expected or might be usual in more developed markets. These factors may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders. Moreover, there can be no assurance that satisfactory due diligence will result in an investment being successful.

The Company may use borrowings

The Company may gear its assets through borrowings. While the use of borrowings should enhance the total return on the Shares where the return on the Company's investment portfolio is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's investment portfolio is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Shares. As a result, the use of borrowings by the Company is likely to increase the volatility of the Net Asset Value per Share.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy, borrowing limits or loan covenants, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

Any amounts that are secured by the Company under a bank facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Company's investments not grow at a rate sufficient to cover the costs of establishing and operating the Company, on a liquidation of the Company, Shareholders may not recover their initial investment.

The Company will pay interest on any borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates to the extent that it has borrowed funds outstanding.

Currency and interest rate risks and hedging risks

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Group's variable rate cash borrowings.

The Group's total return and balance sheet are affected by foreign exchange movements because the Group's portfolio will comprise predominantly Rupee denominated investments whilst the Group's base currency is Sterling. Any depreciation in the Rupee could have an adverse impact on the performance of the Group.

The Company has no employees and is reliant on the performance of third party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive functions. In particular, the Investment Manager, the Administrator, the Mauritian Administrator, the Custodian and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The financial markets are uncertain and have been the subject of governmental intervention

Uncertain conditions in the global financial markets, and initiatives by governments to address them, have created a great deal of uncertainty for investment markets, which may adversely affect the Company's investments and overall performance.

The scale and extent of these government initiatives have been extensive and it remains unclear what impact they will have on global financial markets in the long term, and on India, and other economies.

These initiatives are subject to change, may be implemented in unanticipated ways and, given the discretion they afford, their effects are difficult to predict. It is not known whether the Company and its investments will be exposed to, or will be able to benefit from, these initiatives, directly, indirectly or at all. There can be no assurance that the conditions in the global financial markets, or actions by governments, will not worsen and/or further adversely affect the value of the Company's investments and overall performance.

Changes in laws, regulations and/or government policy may adversely affect the Company's business

The Company and its investments are subject to laws and regulations enacted by national and local governments and to government policy. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time-consuming and costly. Any change in the laws, regulations and/or government policy affecting the Company may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and on the value of the Company and the Shares. In such event, the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders may be materially adversely affected.

RISKS RELATING TO THE PORTFOLIO AND INDIA

General market risk

Trading volume on the Indian securities exchanges can be substantially less than on the leading stock markets of the developed world, so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Volatility of prices can be greater than in more developed markets. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from the sale of securities. Any inability of the Group to make intended securities purchases due to settlement problems could also cause the Group to miss investment opportunities.

Changes in tax law and practice

Any change in the Company's tax status, the Subsidiary's tax status, or in taxation legislation in Guernsey, the United Kingdom, Mauritius, India or elsewhere could affect the value of the Group's investments and the Group's ability to achieve its investment objective, or alter the post-tax returns to Shareholders.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors.

Breaches of environmental or health and safety laws

The companies in which the Company is invested are subject to laws and regulations in India and elsewhere, including those relating to pollution, protection of the environment and health and safety matters. Any breach of laws and regulations, or even incidents that do not amount to a breach, may adversely affect the operations of such companies and their reputations. This, in turn, could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Indian market risk

The Group will invest in companies based in India where the regulatory framework is still developing. The value of the investments made by the Group may be affected by foreign exchange rates and controls, interest rates, changes in Government policy, social and civil unrest and other political, economic and other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation; however, there is no assurance that future political and economic conditions in India will not result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, and repatriation of income and return of capital, thereby influencing the Group's ability to generate profits. Such policy changes could extend to the expropriation of assets.

Legal and regulatory changes

Legal and regulatory changes could occur that may adversely affect the Group. Changes in the regulation of investee companies may adversely affect the value of the Group's investments and the ability of the Group to successfully pursue its investment strategy.

Accounting, Auditing and Financial Reporting Standards

The accounting, auditing and financial reporting standards in India may be less extensive than those applicable to companies incorporated in the European Union.

Bribery and Corruption risk

Fraud, bribery and corruption are more common in less developed nations such as India than in other geographical regions and jurisdictions such as western Europe and the United States. Whilst the Group maintains anti-corruption training programmes, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption, and no members of the Group or the Directors have been subject to fraud, bribery or corruption proceedings, it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. In addition, there may be fraud, bribery or corruption at the level of the Company's investments. The Group may, therefore, be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, including the UK Bribery Act 2010, may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Delays in currency conversion

Most of the Company's investments are in securities that are denominated in Rupees and that pay dividends in Rupees. The Company will need to convert Rupees back into Sterling when funds are remitted outside of India, but the Rupee is currently not a freely convertible currency. Due to current applicable Indian currency and tax restrictions, there is no assurance that the Company will be able to convert Rupee proceeds from the disposal of investments or income arising from investments into Sterling at all or at any particular exchange rate. Any delay in conversion may increase the Company's exposure to depreciation of the Rupee against other currencies which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Exchange Control and Repatriation Risk

It may not be possible for the Company to procure the repatriation of capital, dividends, interest and other income from India, or it may require government consents to do so. The Company could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in India or to the imposition of new restrictions.

Market capitalisation risk

The Company may invest in the securities of small-to-medium-sized (by market capitalisation) companies. Such securities may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

RISKS ASSOCIATED WITH THE INVESTMENT MANAGER

The Company is dependent on the expertise of the Investment Manager and its key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy

The performance of the Company will depend on the ability of the Investment Manager, to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager and/or the Investment Adviser, will be able to provide such services or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The Investment Manager in turns uses the expertise of the Investment Adviser for market research and advice.

The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of the partners, directors and employees of the Investment Manager and/or the Investment Adviser and the ability of the Investment Manager and/or the Investment Adviser to attract and retain suitable staff. The impact of the departure of a key individual (or individuals) on the ability of the Investment Manager to achieve the investment objective of the Company cannot be determined in advance and may depend on, amongst other things, the ability of the Investment Manager to recruit individuals of similar experience. A failure by the Investment Manager to do so may impact negatively on the performance of the Investment Manager and, therefore, of the Company.

If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that such a replacement will be found which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Operational risk may result in losses or limit the Company's growth

The Company relies heavily on the financial, accounting and other data processing systems of the Mauritian Administrator and the Investment Manager. If any of these systems do not operate properly, are disabled or subjected to a cyber-attack, the Company could suffer financial loss or reputational damage. In addition, the Company may invest in businesses that are highly dependent on information systems and technology. A disaster or a disruption in the infrastructure that supports the companies in which the Company invests, or a disruption involving electronic communications or other services used by the Mauritian Administrator, the Investment Manager or third parties with whom the Company conducts business, could have a material adverse impact on the ability of the Company to continue to operate its business without interruption. The disaster recovery programmes used by the Mauritian Administrator, the Investment Manager or third parties with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Company for its losses, if at all.

Potential conflicts of interest

The Investment Manager may from time to time act for other clients which have a similar or different investment objective and policy to that of the Group. Circumstances may arise where investment opportunities will be available to the Group and which are also suitable for one or more such clients of the Investment Manager. Where a conflict arises in respect of an investment opportunity, the Investment Manager will allocate the opportunity on a basis they consider to be fair.

In the event of a conflict arising, the Investment Manager will have regard to their obligations under their agreement with the Group or otherwise they will act in a manner that they consider fair, reasonable and equitable having regard to their obligations to other clients when potential conflicts of interest arise.

RISKS RELATING TO THE SHARES

Shares may trade at a discount to the Net Asset Value per Share and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value per Share

The value of an investment in the Shares and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Shares may fluctuate independently of their underlying Net Asset Value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Shares, market conditions and general investor sentiment. While the Directors may continue to seek to mitigate any discount to Net Asset Value per Share through such discount control mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful. The market value of a Share may therefore trade at a discount to its Net Asset Value per Share.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares

Although the Shares are to be admitted to trading on the Main Market, there can be no assurance as to the levels of secondary market trading in the Shares or the prices at which such Shares may trade. Accordingly, Shareholders should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the Company, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the Company.

There can be no guarantee that a liquid market in the Shares will develop or that the Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at Net Asset Value per Share or at all.

In addition, if such a market does not develop, relatively small transactions may have a significant negative impact on the price of the Shares whilst transactions or intended transactions related to a significant number of Shares may be difficult to execute at a stable price.

Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time

The Company is registered in Guernsey under the Companies Law. Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Shares through the secondary market. Accordingly, the ability of Shareholders to realise their investment at Net Asset Value per Share or at all is dependent on the existence of a liquid market for the Shares.

The Shares may be subject to significant forced transfer provisions

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws. If at any time the holding or beneficial ownership of any Shares by any person (whether on its own or taken with other shares), in the opinion of the Directors may:

- cause the Company's assets to be deemed "plan assets" for the purposes of the Plan Asset Regulations or the U.S. Code;

- cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the U.S. Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled;
- cause the Company to be required to register or be qualified under the U.S. Exchange Act, the U.S. Securities Act, the U.S. Investment Advisers Act, or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities;
- cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 36-4(c) under the U.S. Exchange Act;
- result in a person holding Shares in violation of the transfer restrictions set forth in any prospectus published by the Company, from time to time;
- cause the Company to be a "controlled foreign corporation" for the purposes of the U.S. Code;
- cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation); or
- result in any Shares being owned, directly or indirectly, by any person who is deemed to be a Non-Qualified Member as defined by and in accordance with these Articles,

the Directors may require the holder of such Shares to dispose of such Shares and, if the Shareholder does not sell such Shares, may dispose of such Shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and Shareholders generally to sell the Shares and may have an adverse effect on the market value of the Shares.

Local laws or regulations may mean that the status of the Company or the Shares is uncertain or subject to change, which could adversely affect a Shareholder's ability to hold Shares

For regulatory and tax purposes, the status and treatment of the Company and the Shares may be different in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the regulatory and tax status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company.

Changes in the status or treatment of the Company or the Shares for regulatory and/or tax purposes may have unforeseen effects on the ability of investors to hold Shares or the consequences to investors of doing so.

RISKS RELATING TO TAXATION AND REGULATION

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Any change in the Company's tax status or in taxation legislation in Guernsey, the United Kingdom or any other tax jurisdiction affecting Shareholders could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Potential investors should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the Company. Statements in this document concerning the taxation of investors or prospective investors in Shares are based on current tax law and practice, each of which is in principle subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

Individual Shareholders may have conflicting investment, tax and other interests with respect to their investments in the Company

Shareholders are expected to include taxable and tax-exempt entities and persons or entities organised and residing in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of investments made by the Company, the structuring of the acquisition of investments, the timing of disposal of investments and the manner in which income and capital generated by the Company is distributed to Shareholders. The structuring of investments and distributions may result in different returns being realised by different Shareholders. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including the selection of borrowers in whose debt obligations the Company will invest, which may be more beneficial for one investor than for another investor, especially with respect to investors' individual situations. In selecting and structuring investments appropriate for the Company and in determining the manner in which distributions shall be made to Shareholders, the Investment Manager and the Directors, respectively, will consider the investment and tax objectives of the Company and Shareholders as a whole, not the investment, tax or other objectives of any Shareholder individually, which may have a material adverse effect on the investment returns of individual Shareholders.

If the Company becomes subject to tax on a net income basis in any tax jurisdiction, including Guernsey or the United Kingdom, the Company's financial condition and prospects may be materially and adversely affected

The Company intends to conduct its affairs so that it will not be treated as a UK resident for taxation purposes or as having a permanent establishment or otherwise being engaged in a trade or a business in the UK. The Company intends that it will not be subject to tax on an income basis in any country. There can be no assurance, however, that the net income of the Company will not become subject to income tax in one or more countries, including Guernsey or the United Kingdom, as a result of unanticipated activities performed by the Company, adverse developments or changes in law, contrary conclusions by the relevant tax authorities, changes in the Directors' personal circumstances or management errors, or other causes. The imposition of any such unanticipated net income taxes may materially reduce the post-tax returns available for distributions on the Shares, and consequently may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Shares.

The AIFM Directive may prevent the marketing of the Shares in the European Union, which would be likely to adversely affect liquidity in the Shares and the ability of Shareholders to realise their investment

The AIFM Directive only allows the marketing of non-EEA incorporated Alternative Investment Funds, such as the Company, by an AIFM or its agent under national private placement regimes where EEA Member States choose to retain private placement regimes.

In the UK, this includes an obligation for the AIFM to notify the FCA that it is the person responsible for complying with the implementing provisions relating to the marketing of the relevant company's shares and that the AIFM will comply with the relevant requirements of the AIFM Directive. The FCA may suspend, or revoke, the AIFM's entitlement to market the Shares if it appears to the FCA that, amongst other things, one or more conditions confirmed in the FCA notification as being met are no longer satisfied.

Such marketing will also be subject to, amongst other things, (a) the requirement that appropriate cooperation agreements are in place between the supervisory authorities of the relevant EEA member states and the GFSC, and (b) compliance by the AIFM with certain aspects of the AIFM Directive. As at the date of this document, the GFSC had signed bilateral cooperation agreements with 27 securities regulators from the EU and the wider EEA. It is intended that, over time, a passport will be phased in to allow the marketing of non-EEA incorporated alternative investment funds, such as the Company, into the EEA and that national private placement regimes will be phased out. Both the adoption of such a passport and the phasing out of national private placement regimes are subject to certain criteria and are not certain. Consequently, there may be future restrictions on, and a material increase in the compliance costs involved in, the active marketing of the Shares in the EEA, which in turn may have a negative effect on the marketing and liquidity generally of the Shares.

The Company has not registered and will not register as an investment company under the U.S. Investment Company Act and the Company's assets could be deemed "plan assets" that are subject to the requirements of ERISA and/or Section 4975 of the U.S. Code

The Company will seek to qualify for an exemption from the definition of "investment company" under the U.S. Investment Company Act and will not register as an investment company in the United States under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which are applicable to the Company or its investors. To avoid being required to register as an investment company under the U.S. Investment Company Act and to avoid violating such act, the Company has implemented restrictions on the ownership of its Shares, which may materially affect Shareholders' ability to transfer their Shares to U.S. Persons.

The purchase of Shares by an employee benefit plan subject to ERISA, or Section 4975 of the U.S. Code or by any entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the U.S. Code and regulations made thereunder. In such circumstances the Company, the Investment Manager and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company or the Investment Manager and for other adverse consequences under ERISA. Each purchaser and transferee of Shares will be deemed to have represented by its purchase or receipt of the Shares, and throughout the period that it holds the Shares, that it is not an employee benefit plan subject to ERISA or Section 4975 of the U.S. Code or an entity whose assets are treated as assets of any such employee benefit plan. The Directors are also empowered by the Articles to require Shareholders, which they consider may, because of their shareholding result in the assets of the Company being considered plan assets, to transfer their Shares in order to reduce this risk materialising.

Changes in laws or regulations or a failure to comply with any laws and regulations governing the Company's operations may adversely affect the Company's business

The Company is subject to laws and regulations enacted by European, national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to closed-ended investment companies (including continuing obligations imposed by the UKLA) whose shares are listed on the premium segment of the Official List.

European regulation includes the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID**") and the Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") (MiFID and MiFIR, together "**MiFID II**") which is currently timetabled to come into effect on 3 January 2018. When the legislation was first published there was concern that shares in investment trusts may be deemed to be a 'complex' investment (as defined in MiFID II), which may make it more difficult for private individual investors to buy shares in the Company in the secondary market, as they would be subject to an appropriateness test. The FCA has confirmed in PS17/14, its final policy statement setting out final rules for the FCA's implementation of MiFID II, that in its view investment trusts are neither automatically non-complex nor automatically complex but must be assessed against the criteria in the MiFID II delegated regulation. The FCA also said that when firms apply these criteria, they should adopt a cautious approach if there is any doubt as to whether a financial instrument is non-complex. The AIC has opined that, in the absence of unique factors, the ordinary shares of investment companies can be considered as non-complex.

Any change in the law and regulations affecting the Company may have an adverse effect on the ability of the Company to carry on its business and pursue its investment objective and policy and on the value of the Company, the Shares. In such event, the investment returns of the Company may be materially adversely affected.

Automatic exchange of information ("AEOI")

To the extent that the Company may be a reporting financial institution under FATCA and/or the Common Reporting Standard, it may require Shareholders to provide it with certain information in order to comply with its AEOI obligations. Such information may be provided to the UK tax authorities who may in turn exchange that information with certain other tax authorities.

Risk relating to the Mauritius-India Double Taxation Avoidance Agreement ("DTAA")

The DTAA has recently been amended pursuant to a Protocol dated 10 May 2016. These amendments affect, *inter alia*, the capital gains tax treatment of gains arising in India. This may result in gains realised in relation to investments made by the Subsidiary in India being subject to capital gains tax in India.

Brexit risk

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union ("**Brexit**"). There are significant uncertainties in relation to the terms and time frame within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary, legal and regulatory landscape in the UK. The extent of the impact on the Company will depend in large on the nature of the arrangements that are put in place between the United Kingdom and the European Union following Brexit. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company and it could potentially make it more difficult for the Company to raise capital.

IMPORTANT INFORMATION

GENERAL

This document is being furnished by the Company solely for the purpose of admission of the Shares to the Official List and to trading on the Main Market. Any reproduction or distribution of this document, in whole or in part, or any disclosure of its contents or use of any information herein for any purpose other than this purpose is prohibited, except to the extent that such information is otherwise publicly available.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company that any recipient of this document should purchase or subscribe for Shares.

No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, Stockdale or any other person. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Stockdale by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction, Stockdale accepts no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, or the Shares. Stockdale accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe or purchase any Shares by any person. The implications of Admission for, and the distribution of this document to Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom ("**Overseas Shareholders**") may be affected by the laws of the relevant jurisdictions in which such Overseas Shareholders are located. Such Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy himself as to his full observance of the laws of the relevant jurisdiction in connection with Admission and the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of Admission in their particular circumstances.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Shares or passed upon the accuracy or adequacy of this document or any other document referred to herein. Any representation to the contrary is a criminal offence.

The Shares have not been nor will they be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the

Company has not registered and will not register under the U.S. Investment Company Act. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the Shares in the United States may constitute a violation of U.S. law.

PRESENTATION OF INFORMATION

Market, economic and industry data

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Definitions

A list of defined terms used in this document is set out at pages 79 to 82.

Governing law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and Guernsey and are subject to changes therein.

Historical Information

This document contains certain historical financial and other information concerning the Company's past performance. However, past performance of the Company should not be taken as an indication of future performance.

Reference to credit ratings (Regulation (EC) No 1060/2008)

The credit rating agencies providing ratings to securities referred to in this document (if any) are each established in the EU and registered under Regulation (EC) No. 1060/2008 (as amended). As such each such credit rating agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulations.

Website

The contents of the Company's website and Investment Manager's website, insofar as they relate to the Company or the Shares, do not form part of this document.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including, without limitation, statements containing the words "**believes**", "**estimates**", "**anticipates**", "**expects**", "**intends**", "**may**", "**will**" or "**should**" or, in each case, their negative or other variations or similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Rules), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in Part 3 of this document.

EXPECTED TIMETABLE

Notice of intention to de-list from AIM	21 December 2017
Last day of trading of Shares on AIM	23 January 2018
Expected delisting of Shares from AIM	8.00 a.m. on 24 January 2018
Expected admission of the Shares to the Official List and expected commencement of dealings on the Main Market[(1)]	8.00 a.m. on 24 January 2018

(1) Or as soon as practicable thereafter. No temporary documents of title will be issued.

The dates and times specified are subject to change without further notice. All references to times in this document are to London time unless otherwise stated.

DEALING CODES

The dealing codes for the Shares are as follows:

ISIN	GG00BGLCWK02
SEDOL	BGLCWK0
Ticker	UK:IGC
LEI number	213800TPOS9AM7INH846

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Elisabeth Scott, *Chairman* John Whittle Peter Niven all of the registered office below:
Registered Office	1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB Channel Islands Tel: 44 20 7802 8900
Investment Manager	Ocean Dial Asset Management Limited 14 Buckingham Street London WC2N 6DF United Kingdom
Administrator	Apex Fund Services (Guernsey) Limited 1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB Channel Islands
Financial Adviser and Sponsor	Stockdale Securities Limited Beaufort House 15 St Botolph Street London EC3A 7BB United Kingdom
Solicitors to the Company as to English Law	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD United Kingdom
Legal advisers to the Company as to Guernsey Law	Collas Crill LLP PO Box 140 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 4EW Channel Islands
Reporting Accountants	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom
Custodian	Kotak Mahindra Bank Limited 3rd floor, 27 BKC C-27 G-Block Bandra Kurla Complex Bandra East Mumbai 400051 India

Registrar	Neville Registrars Limited 18 Laurel Lane Halesowen Birmingham B63 3DA United Kingdom
Auditor	Deloitte LLP Regency Court Glategny Esplanade Guernsey GY1 3HW

PART 1

INFORMATION ON THE COMPANY

1. INTRODUCTION

India Capital Growth Fund Limited is a non-cellular company limited by shares and is authorised by the GFSC as an authorised closed-ended collective investment scheme in accordance with The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and The Authorised Closed-Ended Investment Scheme Rules 2008, with one wholly owned subsidiary, ICG Q Limited, incorporated in Mauritius. The Group was established to take advantage of long-term investment opportunities in companies based in India, in accordance with the Group's investment objective and policy as set out in this document. The Company was admitted to trading on AIM on 22 December 2005.

The Investment Manager of the Company, Ocean Dial Asset Management Limited, is a UK subsidiary of Avendus Capital Asset Management (UK) Limited, a UK private company, wholly owned by Avendus Capital Private Limited ("**Avendus Capital**"), an India-based financial services company registered with the Securities and Exchange Board of India and majority owned by funds and investment vehicles managed or advised by Kohlberg Kravis Roberts ("**KKR**") and Avendus' management. Further details in relation to the Investment Manager are set out below.

As at 19 December 2017, the Company had net assets of £142.57 million and the unaudited NAV per Share was 126.72 pence.

As announced in the Chairman's statement in the Company's interim report for the six months to 30 June 2017, the Board has been considering, for some time, methods to improve the marketability, liquidity and valuation of its Shares. The Board believes that the proposed introduction to the Premium Listing Segment of the Official List and a move to trading on the Main Market of the London Stock Exchange will help it access an expanded investor audience, putting it on a par with its immediate peer group in the closed-ended, dedicated India fund space. Accordingly, it is thought that, following Admission, the Company will benefit from enhanced investor access and liquidity and potentially an improved rating. Further, the Board believes that the Main Market is a more appropriate market for a company of the size and maturity of the Company, and provides a more fitting platform for the continued growth of the Company and to further raise its profile. After detailed consideration the Board has, therefore, decided that the proposed move to the Main Market best supports the Company's long-term strategy and growth prospects.

Applications have been made to the UK Listing Authority for all of the issued Shares to be admitted to the Premium Listing segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and dealings will commence on 24 January 2018. At that date the admission of the Shares to trading on AIM will be cancelled.

2. INVESTMENT BACKGROUND

2.1 *Indian economy*

The Investment Manager believes that India is enjoying a period of macro and economic stability, which in time will lead to a strong recovery in the business cycle and an increase in corporate profitability that augurs well for equity price appreciation. The economy has benefitted from low oil prices, commodity and gold prices, vastly improving the trade account and strengthening the value of the Rupee. This has also enabled the Reserve Bank of India to build a strong cushion of US$ reserves, which currently stands at approximately US$400 billion. The combination of improved fiscal management, lower input prices and excess capacity have led to a significant reduction in inflation. This led to the Reserve Bank recommencing the path of lower nominal interest rates (currently at 6.25%) in an effort to stimulate the investment cycle, which will create additional opportunities in the market on which to capitalise.

2.2 ***Political environment***

Political stability is predicated on the strong mandate achieved by the Bharatiya Janata Party (BJP) in May 2014's federal election with control of the lower house in parliament for a five-year term. Although progress was initially slower than the market would have liked it, the Government has recently succeeded in enacting two key pieces of reform policy.

INR500 and INR1,000 notes (amounting to 85% of cash in circulation) were demonetised in November 2016, in the first coordinated attempt to tackle the serious problem of India's parallel/black economy, whilst the Goods and Services Tax (GST) was implemented in July 2017 and should have a significant impact on productivity, tax revenue and growth. This has had an immediate, but short term negative impact on the economy, but is expected to be positive over the medium-term. Both policies represent significant efforts to address direct and indirect tax avoidance, reducing opportunities for fraud and corruption and enhancing revenue collection. A more transparent financial system and better funded government is expected to provide a platform for enhanced economic growth.

Today, a new wave of reform has emerged following Prime Minster Modi's landslide victory in the 2014 General Election. Rapid change across multiple sectors is being accelerated by the continuing IT revolution, of which India leads the vanguard. Encouragingly, February 2017 witnessed Modi's Bharatiya Janata Party (BJP) secure an emphatic win in India's largest populist state, Uttar Pradesh, which is expected to provide support for national re-election in 2019. If the BJP win a second term in office further continued stability bodes well for the development of India's economy.

3. INVESTMENT OBJECTIVE

The Company's investment objective was, on initial admission to trading on AIM, and continues to be, to provide long-term capital appreciation by investing directly or indirectly, in companies based in India.

4. INVESTMENT POLICY

The investment policy permits the Group to make investments in a range of Indian equity and equity-linked securities and predominantly in listed Mid-cap 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. 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.

While the principal focus is on investment in listed or unlisted 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 is subject to the following investment limitations:

- no more than 10 per cent. of Total Assets (measured at the time of investment) may be invested in the securities of any one Issuer; and
- no more than 10 per cent. of Total Assets (measured at the time of investment) may be invested in listed closed-ended funds.

The Company may, for the purposes of hedging currency risk or market risk, use derivative instruments such as financial futures, options and warrants, but the Board does not intend to use derivatives for investment purposes. The Company may, from time to time use borrowings to provide short-term liquidity and, if the Board 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 per cent. of the net assets of the Group at the time of the drawdown. At present, the Company does not have any borrowings. It is the Group's current policy not to hedge its exposure to the Rupee.

Breach of the investment policy

In the event of a breach of the investment policy set out above, the Investment Manager shall inform the Directors upon becoming aware of the same and if the Directors consider the breach to be material, notification will be made through a Regulatory Information Service.

Material change to the investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

5. INVESTMENT STRATEGY

The investment strategy is focused on delivering Absolute Returns for investors over the medium to long term, with a strong bias towards capital preservation. It is built around the Investment Manager's belief that risk is best defined as the long-term destruction of capital. The strategy to generate wealth, whilst minimising risk, is achieved by investing in a concentrated portfolio of companies across a broad market cap range but focussing on sectors that are well known and understood by the Investment Manager. The portfolio concentration of between 30 and 40 stocks ensures the Investment Manager has a thorough understanding of the investee companies, and is capable of monitoring operational performance in sufficient detail to react quickly to the dynamic economic environment.

The investment time frame is over the medium to long term, and therefore the strategy is to invest in companies which can be expected to comfortably survive an economic cycle. Central to the strategy is a value-based approach which seeks to ensure that stocks represent good value to the portfolio. Seeking out "value" in potential investments is core to the strategy of reducing the risk of capital loss and maximising the opportunity to generate Absolute Returns.

The strategy is stock-specific and does not concentrate on areas of the market that are considered "cheap", but seeks value in out-of-favour sectors or overlooked companies across the Small and Mid-cap spectrum. The Investment Manager adopts a disciplined selling process which seeks to take profits in a position where it is clear that the stock price has run well beyond the assumptions of fair value identified at the time the stock was initially acquired. It should be noted that the strategy of acquiring stocks for the medium- to long-term should minimise turnover and transaction costs. In addition, the longer term of the hold period means that the Company is less likely to be affected by the newly introduced capital gains tax legislation in India, since shares held for more than 12 months are exempt from capital gains tax, as set out in Part 4 of this document.

6. INVESTMENT CRITERIA AND INVESTMENT PROCESS

The Investment Manager believes that in India, optimal returns will be generated over time by investing in companies that are well placed to benefit from the structural growth potential of the domestic economy, combined with the highest quality of management best able to exploit this opportunity. The Investment Manager uses a consistent and disciplined bottom-up stock picking process to select investments. Investee companies are chosen having undergone a rigorous selection procedure which focuses on assessing companies on criteria including management quality, balance sheet strength, a track record of cash generation, and market position. The Investment Manager endeavours to have up-to-date understanding of the investee companies and to ensure that portfolio companies are acquired at a price that limits risk of capital loss, whilst offering the potential for wealth creation.

The Investment Manager in London works with the advisory team in Mumbai to generate investment ideas through a standard process, which includes systematic screening, regular meetings with senior management of potential investee companies, and sell-side generated research reports.

At each stage of the process the Investment Manager works with the advisory team on potential investments and their suitability for the portfolio. This involves travelling to India to meet the management teams of recommended companies as well as regular internal meetings to review the existing portfolio. The stock selection process concludes with a recommendation from the research team on individual companies. The Investment Manager is responsible for making the final decision on whether to accept the recommendation or not. A strategy on the timing and the price at which the investment should enter the portfolio is agreed in consultation with the advisory team. The Investment Manager is also responsible for managing the portfolio review process, as well as the production of regular reports to the Board and to Shareholders.

7. PORTFOLIO

The portfolio has a significant allocation to the financial sector, notably private banks and the major mortgage providers, which will benefit from lower interest rates and a pickup in credit demand, plus the widespread increase in financial sector intermediation which we forecast to take place over the longer term.

As at 19 December 2017 (being the latest practicable date prior to the publication of this document), the Company held 39 investments with the entire portfolio having an aggregate value of £142.57 million (unaudited).

Principal Investments

The table below shows the top 20 holdings of the Company as at 19 December 2017 (being the latest practicable date prior to the publication of this document) representing 65.6 per cent. of the unaudited Net Asset Value:

Holding	*Description*	*Sector*	*% of unaudited NAV*
Dewan Housing	Housing finance	Financials	6.23
Ramkrishna Forgings	Forging	Materials	4.78
Motherson Sumi	Auto wiring company	Consumer Discretionary	4.74
The Federal Bank	Private sector bank	Financials	4.48
Jyothy Laboratories	Consumer/household insecticides	Consumer Staples	3.36
Finolex Cables	Electric and telecommunication cable manufacturer	Industrials	3.24
Sobha Developers	Real estate developer	Real Estate	3.20
Kajaria Ceramic	Ceramic and vitrified tiles	Industrials	3.19
NIIT Technologies	IT services company	IT	3.12
Balkrishna Industries	Tyre manufacturing company	Consumer Discretionary	3.10
City Union Bank	Regional bank focusing on small and medium enterprise	Financials	3.00
Skipper Ltd	Power transmission tower manufacturing	Materials	2.81
Capital First	Debt finance to small enterprises	Financials	2.79
PI Industries	Agrochemicals	Materials	2.74
Tech Mahindra	Software marketing and development	IT	2.63
Indusind Bank	Private sector bank	Financials	2.59
Yes Bank	Private sector bank	Financials	2.55
Indian Bank	Private sector bank	Financials	2.42
The Ramco Cements	Cement manufacturer	Materials	2.37
Sagar Cements	Cement manufacturer	Materials	2.26
Total % of NAV			**65.60**

Portfolio Statement

The table below shows all of the holdings of the Group as at 19 December 2017, which comprise listed securities and cash, and shows the sector weightings.

Holding	*Market Cap Size*	*Shares Owned*	*Value £'000s*	*% of Company NAV*
Listed securities				
Consumer discretionary				
Balkrishna Industries	Mid Cap	152,000	4,413	3.10
BLS International Services	Small Cap	500,000	1,427	1.00
Dish TV India	Small Cap	3,000,000	2,782	1.95
Exide Industries	Mid Cap	1,215,336	3,036	2.13
Kitex Garments	Small Cap	700,000	2,398	1.68
Matrimony.com	Small Cap	172,608	1,830	1.28
Motherson Sumi Systems	Large Cap	1,478,740	6,764	4.74
Welspun India	Small Cap	3,624,271	3,014	2.11
			25,664	18.00
Consumer staples				
Emami	Mid Cap	195,000	4,648	2.08
Jyothy Laboratories	Small Cap	1,043,355	4,787	3.36
Manpasand Beverages	Small Cap	600,000	3,053	2.14
Radico Khaitan	Small Cap	772,000	2,514	1.76
			15,002	9.34
Financials				
Capital First	Small Cap	500,000	3,977	2.79
City Union Bank	Small Cap	2,070,000	4,278	3.00
Dewan Housing	Mid Cap	1,250,000	8,883	6.23
Indian Bank	Mid Cap	754,400	3,445	2.42
Indusind Bank	Large Cap	190,000	3,699	2.59
J & K Bank	Small Cap	2,723,574	2,443	1.71
Federal Bank	Mid Cap	5,000,000	6,387	4.48
Yes Bank	Large Cap	1,000,000	5,211	2.55
			36,752	25.78
Healthcare				
Divis Laboratories	Mid Cap	245,100	3,021	2.12
Neuland Laboratories	Small Cap	148,000	1,517	1.06
			4,538	3.18
Industrials				
Finolex Cables	Small Cap	556,597	4,625	3.24
Jain Irrigation Systems	Small Cap	2,190,000	3,110	2.18
Kajaria Ceramics	Small Cap	550,000	4,554	3.19
PSP Projects	Small Cap	373,875	2,284	1.60
			14,574	10.22
IT				
NIIT Technologies	Small Cap	612,485	4,443	3.12
Tech Mahindra	Mid Cap	650,000	3,753	2.63
			8,196	5.75

Holding	Market Cap Size	Shares Owned	Value £'000s	% of Company NAV
Materials				
Berger Paints India	Mid Cap	980,000	2,934	2.06
Essel Propack	Small Cap	898,260	2,975	2.09
Good Luck India	Small Cap	518,343	509	0.36
JK Lakshmi Cement	Small Cap	500,000	2,570	1.80
PI Industries	Small Cap	340,000	3,909	2.74
Ramkrishna Forgings	Small Cap	700,000	6,816	4.78
Sagar Cements	Small Cap	330,000	3,215	2.26
Skipper	Small Cap	1,305,000	4,010	2.81
The Ramco Cements	Mid Cap	406,702	3,385	2.37
			30,325	21.27
Real estate				
Arihant Foundations & Housing	Small Cap	592,400	331	0.23
Sobha Developers	Small Cap	650,000	4,567	3.20
			4,898	3.44
Total equity investments			138,268	96.99
Cash less other net current liabilities of ICG Q Limited			4,079	2.86
Total net assets of ICG Q Limited			142,347	99.85
Cash less other net current liabilities of the Company			220	0.15
Total net assets			142,567	100.00

Asset Class Analysis

The table below shows the asset class weightings for the Company as at 19 December 2017 (being the latest practicable date prior to the publication of this document):

Asset	*% of unaudited NAV*
Listed equities	96.98
Unlisted equities	0.00
Cash and others	3.02
Total	100.00

Sectoral Analysis

The table below shows the sector weightings for the Company as at 19 December 2017 (being the latest practicable date prior to the publication of this document):

Sector	*% of unaudited NAV*
Consumer discretionary	18.00
Consumer staples	9.34
Financials	25.78
Healthcare	3.18
Industrials	5.75
IT	10.22
Materials	21.27
Real estate	3.44
Cash and others	3.02
Total	100.00

8. DIVIDEND POLICY

In any financial year the Company has the discretion to pay dividends to Shareholders subject to satisfying the solvency test prescribed by the Companies Law.

The Directors currently intend to achieve returns for the Shareholders members primarily through capital growth rather than income. Accordingly, the Directors do not intend to pay a significant annual dividend, if any.

9. CALCULATION OF NET ASSET VALUE

The unaudited Net Asset Value and the Net Asset Value per Share shall be calculated (and rounded to two decimal places), in Sterling as at the last business day of each month by the Administrator (or such other person as the Directors may appoint for such purpose from time to time) based on information supplied by the Mauritian Administrator (in turn based upon the valuations of the assets of the Group provided by the Investment Manager). The unaudited Net Asset Value per Share as calculated by the Administrator is published on a monthly basis through a Regulatory Information Service.

An unaudited estimated Net Asset Value per Share prepared by the Investment Manager is also published daily through a Regulatory Information Service.

The Net Asset Value shall be the value of all assets of the Company less the liabilities of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values shall be determined as follows:

- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate to reflect the true value thereof;
- the value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued at a discount (the amount of such discount being determined by the Directors in their absolute discretion or in a manner so approved by the Directors);
- all other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures; and
- any value other than in Sterling shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, *inter alia*, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider reasonable. The Directors may delegate to the Investment Manager any of their discretions under the valuation guidelines.

The Administrator will be reliant on information from the Directors, the Investment Manager and the Mauritian Administrator. In the event that this information is delayed, this will impact the ability of the Administrator to finalise the Net Asset Value calculation. The Administrator shall not be liable for any loss suffered by the Company by reason of any error resulting from any inaccuracy in the information provided.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to obtain a value for the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.

10. REPORTS, ACCOUNTS AND MEETINGS

The audited financial statements of the Company are prepared in Sterling in accordance with IFRS and the requirements of the Companies Law. The Company's annual report and audited financial statements are prepared up to 31 December each year. It is expected that copies of the annual report and audited financial statements will be sent to Shareholders by the end of 31 March each year. The Company also publishes an interim report and unaudited financial statements covering the six months to 30 June each year. The annual report and audited financial statements and interim report and unaudited financial statements once published will be available for inspection at the Company's registered office and on the Company's website.

The Company holds an annual general meeting each year.

11. DISCOUNT MANAGEMENT

The Board intends that the return to Shareholders through the Company's share price should, where possible, match the returns that are achieved in the Company's Net Asset Value. Accordingly the Board will continue to monitor the performance of the Net Asset Value in relation to the share price closely and, in the event that there is a discount and it were to consistently exceed 20 per cent. over a three month period, will consider and discuss with major Shareholders whether any policy changes would be in the best interests of Shareholders as a whole.

At the Company's annual general meeting on 18 October 2017, the Directors were granted authority to repurchase up to 14.99 per cent. of the Company's issued share capital during the period expiring on the earlier of the conclusion of the Company's next annual general meeting and 31 December 2018. A similar buy-back authority will be sought at each subsequent annual general meeting of the Company.

The Directors will only make repurchases through the market at prices (after allowing for costs) below the relevant prevailing Net Asset Value per Share under the guidelines established from time-to-time by the Board. Purchases of Shares may be made only in accordance with the Companies Law and the Disclosure Guidance and Transparency Rules. Under the current Listing Rules and the Market Abuse Regulation, the maximum price that may be paid by the Company on the repurchase of any Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Shares for the five business days immediately preceding the date of purchase or, if higher, the amount stipulated by Regulatory Technical Standards adopted by the European Commission pursuant to Article 5 (6) of the Market Abuse Regulation (EU) No. 596/2014.

Shareholders should note that the purchase of Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Group and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Treasury Shares

Any Shares repurchased pursuant to the general authority referred to above may be held in treasury. The Companies Law allows shares acquired by the Company to be held as treasury shares up to a maximum amount of 10 per cent. of the total number of issued shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to sell Shares held in treasury quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

Unless authorised by Shareholders, no Shares will be sold from treasury at a price less than the Net Asset Value per Share at the time of the sale unless they are first offered pro-rata to existing Shareholders.

12. LIFE OF THE COMPANY

The Company has an indefinite life. The Company has, however, undertaken that, as at 6 August 2017 (and every three years thereafter), the Board will carry out an assessment of the Company's performance (the **"Three-Yearly Assessment"**) and will propose an ordinary resolution that the Company continues in existence ("**continuation resolution**") only in the event that either of the following criteria are met:

12.1 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

12.2 the Company's published diluted NAV per 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 ending on the relevant Three-Yearly Assessment date.

The Company's performance from the base date of 7 August 2014 to 6 August 2017 against these criteria was as follows:

(i) the Company's monthly average market capitalisation from the last trading day of August 2016 to the last trading day of July 2017 was £92.721 million based upon the 112,502,173 Ordinary Shares in issue over this period; and

(ii) the Company's published diluted NAV per Ordinary Share (adjusted for the subscription share issue) from 7 August 2014 to 6 August 2017 increased 123.14 per cent. over this period whereas the BSE Mid Cap TR Index increased 119.26 per cent. over this period, giving an outperformance of 3.88 per cent.

Stockdale has independently verified each of the figures stated above in relation to the Three-Yearly Assessment.

Accordingly the Company has comfortably exceeded both thresholds and so no continuation resolution was proposed at the 2017 AGM. The date to which the next Three-Yearly Assessment will be made is 6 August 2020.

13. TAXATION

Potential investors are referred to Part 4 of this document for details of the taxation of the Company and Shareholders in the UK, Guernsey and India. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK, Guernsey and India are strongly advised to consult their own professional advisers immediately.

14. SETTLEMENT AND DEALINGS

The Shares are in registered form and are capable of being held in certificated or uncertificated form.

The Shares may be transferred into, held and settled via CREST. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system and the Shares are admitted to CREST.

15. TYPICAL INVESTOR

An investment in the Shares is only suitable for institutional investors and professionally advised private investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

16. NON-MAINSTREAM POOLED INVESTMENTS

The Board notes the rules of the FCA on the promotion of non-mainstream pooled investments, effective from 1 January 2014. The Board conducts the Company's affairs and intends to continue to conduct its affairs, so that the Shares will be "excluded securities" under the FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HMRC under sections 1158 and 1159 of the Corporation Tax Act 2010 if resident in the United Kingdom. Therefore, the Shares will not be deemed to be non-mainstream pooled investments.

PART 2

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. DIRECTORS

The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager.

The Directors meet at least four times a year to, *inter alia*, review and assess the Company's investment policy and strategy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including the Investment Manager and Administrator, and generally to supervise the conduct of its affairs. The Company's audit committee meets at least twice per annum.

The Directors are as follows:

Elisabeth Charlotte Scott, *non-executive director – Chairman*

Elisabeth Scott (aged 55), was appointed to the Board as Chairman on 18 December 2017. She worked in the asset management industry in Hong Kong from 1992 to 2008, where she was Managing Director and Country Head of Schroder Investment Management (Hong Kong) Limited and Chairman of the Hong Kong Investment Funds Association. She is a non-executive Director of Pacific Horizon Investment Trust PLC, Dunedin Income Growth Investment Trust PLC, Allianz Technology Trust PLC and Fidelity China Special Situations PLC. She is resident in the UK.

Peter Niven, *non-executive director*

Peter Niven (aged 63) was appointed to the Board on 11 August 2011 and is a member of the audit committee. 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 Guernsey internationally as a financial services destination. He is now a non-executive director of SQN Asset Finance Income Fund Limited, Guernsey Portfolios PPC, a number of private fund vehicles and ABTA Insurance PCC Limited, a captive insurance company. He is a Fellow of both the Chartered Institute of Bankers and the Institute of Directors and holds the Chartered Director qualification. He is a resident of Guernsey.

John Richard Whittle, *non-executive director*

John Whittle (aged 61) was appointed to the Board on 17 November 2011 and chairs the audit committee. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. He is now a non-executive director of International Public Partnerships Ltd, Toro Ltd, Globalworth Real Estate Investments Ltd, GLI Finance Ltd, Starwood European Real Estate Financing Ltd and a number of private fund vehicles. 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 a resident of Guernsey.

2. THE INVESTMENT MANAGER

The Company has appointed the Investment Manager to act as the Company's discretionary investment manager and accordingly the Investment Manager is responsible for the day to day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and investment policy. The Investment Manager's activities are subject to the overall control and supervision of the Directors. The Investment Manager was incorporated under the laws of England and Wales on 5 October 2005 (registered number 05583807) and is authorised and regulated by the Financial Conduct Authority.

The Investment Manager is a UK subsidiary of Avendus Capital Asset Management (UK) Limited, a UK private company, wholly owned by Avendus Capital Private Limited ("**Avendus Capital**"), an India-based financial services company registered with the Securities and Exchange Board of India and majority owned by funds and investment vehicles managed or advised by Kohlberg Kravis Roberts ("**KKR**") and Avendus' management.

Avendus Capital was originally founded in 1999, opened its first office in Mumbai in 2001 and presently has offices in four cities in India as well as New York and London. KKR invested in Avendus Capital in 2015. Avendus Capital presently has approximately 180 employees and its wealth management business has approximately U.S.$1.7 billion under management. For the year ended 31 March 2017 turnover and pre-tax profits were INR 2.0 billion and INR 212 million respectively. As at the same date shareholders' funds were INR 6.1 billion, including net debt of INR 26 million.

The portfolio manager with primary responsibility for the day-to-day management of the Company's portfolio is David Cornell, who has 22 years' industry experience.

As at 30 November 2017, the Investment Manager had total assets under management with a value of approximately £434 million (unaudited).

2.1 *Investment Management Team*

The biographies of the lead members of the investment management team are set out below:

David Cornell – *Chief Investment Officer*

David Cornell joined the Investment Manager in January 2010 from Henderson Global Investors. He started his career in 1995 covering India for Robert Fleming Securities, ran the BDT Emerging Market Fund from 2004 to 2008 which compounded at over 25 per cent. per annum during his tenure and then co-managed New Star's Institutional Emerging Market Fund. He has a degree in English and History from the University of Durham and was in the British Army from 1991 to 1995.

Robin Sellers – *Chief Executive Officer*

Robin Sellers is chief executive officer of the Investment Manager, and joined the Investment Manager in December 2011 having spent many years in the financial services industry, almost exclusively with Close Brothers Group plc. During his 16 years at Close Brothers, Robin was Head of Group Finance, Group Company Secretary and Finance Director of Close Brothers Limited, the group's regulated bank. Robin qualified as a Chartered Accountant in 1984 and spent the early part of his professional career with international accountants, Coopers & Lybrand, both in the UK and Australia.

2.2 *The Investment Adviser*

The Investment Manager receives research information and non-binding advice from Ocean Dial Advisers Pvt Limited, based in Mumbai. The lead members of the investment advisory team are as follows:

Gaurav Narain – *Head of Equities*

Gaurav Narain joined the Group in November 2011, having been immersed in the Indian equity markets for the previous 18 years. He has held senior positions as both a fund manager and an equities analyst in New Horizon Investments, ING Investment Management India and SG (Asia) Securities India. He holds a Master's degree in Finance and Control and a Bachelor of Economics degree from Delhi University.

Sanjoy Bhattacharyya – *Principal Adviser*

Sanjoy Bhattacharyya has a career in the Indian capital markets that spans 25 years, initially as Head of Research at UBS Warburg Securities, before becoming CIO of HDFC Asset Management. Latterly he joined New Vernon Advisory as a Partner before setting up Fortuna Capital to manage the Aristos Fund and domestic equities for a local fund manager and provides investment advisory services to the Investment Adviser. He has an MBA from the Indian Institute of Management, Ahmedabad.

Four key employees of the Investment Adviser's team (including Gaurav Narain and Saurabh Chugh) will become employees of Siri Investment Management Private Limited ("**Siri**"), a subsidiary of Avendus Capital, when regulatory clearance in India is obtained (expected end December 2017/early January 2018) and Siri will then become investment adviser to the Investment Manager in place of Ocean Dial Advisers Pvt Limited. Mr Bhattacharyya will continue to provide them with investment advisory services.

2.3 ***Investment Management Agreement***

The Investment Management Agreement (further details of which are set out at paragraph 7.2 of Part 5 of this document) is for an indefinite period but may be terminated by either the Company or the Investment Manager giving no less than 12 months' written notice to the other. Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee payable monthly in arrears by the Company, at a rate equivalent to 1.5 per cent. per annum of the value of the Company's Total Assets.

3. OTHER SERVICE PROVIDERS

3.1 ***Administrator***

Services to the Company of a company secretarial, accounting and administrative nature, including the calculation of the Net Asset Value of the Shares, are provided by the Administrator, Apex Fund Services (Guernsey) Limited.

Apex Fund Services (Mauritius) Limited acts as Mauritian Administrator to the Subsidiary. In such capacity, the Mauritian Administrator carries out services of a company secretarial, accounting and administrative nature. The Mauritian Administrator calculates the Net Asset Value per ordinary share of the Subsidiary, convenes board meetings, keeps statutory books and records, maintains its register of shareholders and makes all returns required to be made by the Subsidiary under the laws of Mauritius. The Mauritian Administrator is also responsible for all tax filings in Mauritius relating to the Subsidiary.

Further details of the agreements with the Administrator and the Mauritian Administrator are set out at paragraph 7.5 and 7.6 of Part 5 of this document.

Details of the fees and expenses payable to the Administrator are set out in the section entitled "Fees and Expenses" below.

3.2 ***Custodian***

Kotak Mahindra Bank Limited has been appointed as custodian of the Company's assets pursuant to the Custodian Agreement (further details of which are set out at paragraph 7.4 of Part 5 of this document). In acting as custodian of the Company's investments, the Custodian has custody of cash and all other securities eligible for custody with the Custodian.

Details of the fees and expenses payable to the Custodian are set out in the section entitled "Fees and Expenses" below.

3.3 ***Registrar***

Neville Registrars Limited has been appointed to provide registrar services to the Company pursuant to the Registrar Agreement (further details of which are set out at paragraph 7.7 of Part 5 of this document). Under the Registrar Agreement, the Registrar has responsibility for maintaining the register of Shareholders, receiving transfers of shares for certification and registration, receiving and registering Shareholders' dividend payments together with related services.

Details of the fees and expenses payable to the Registrar are set out in the section entitled "Fees and Expenses" below.

3.4 ***Auditor***

Deloitte LLP provides audit services to the Company. The annual report and accounts are prepared according to IFRS.

4. FEES AND EXPENSES OF THE COMPANY

4.1 ***Expenses relating to Admission***

The estimated total cost of Admission is approximately £510,000. These costs will be borne solely by the Company.

4.2 ***On-going annual expenses***

On-going annual expenses will include the following:

Management fees payable to the Investment Manager

The Investment Manager is entitled to a management fee equivalent to 1.5 per cent. per annum of the Total Assets, payable monthly in arrears.

Administrator

Under the terms of the Administration Agreement, the Administrator is entitled to a per annum fee of either U.S.$61,750 or 5 basis points of the Net Asset Value, of the Company, whichever is the greater. The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses properly incurred by it in the performance of its duties.

Under the terms of the Mauritian Administration Agreement, Apex Mauritius is entitled to an annual fee of U.S.$29,000 or 5 basis points of the NAV of the Subsidiary, whichever is the greater for other services including administration and registrar services.

Registrar

Under the terms of the Registrar Agreement, the Registrar is entitled to receive from the Company certain annual maintenance and activity fees, subject to a minimum fee of £1,248.00 per annum.

Custodian

Under the terms of the Custody Agreement, the Custodian is entitled to receive from the Subsidiary fees at the rate as may be agreed in writing between the Custodian and the Subsidiary from time to time together with all out-of-pocket and third party expenses.

Directors

The Company's Articles of Incorporation provide that the aggregate remuneration of all Directors in any 12 month period shall not exceed £200,000 or such higher amount as may be approved by ordinary resolution.

Each of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the business of the Company. 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 level of work that is undertaken.

Auditor

The Auditor will be entitled to receive from the Company an annual fee, which fee will be agreed with the Shareholders or, where authorised by the Shareholders by ordinary resolution, the Board each year in advance of the Auditor commencing audit work.

Other operational expenses

Other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, audit, finance costs, legal fees (including those incurred on behalf of the Company by the Investment Manager), fees incurred in connection with the acquisition, holding and disposal of investments, corporate broking fees and annual UKLA and London Stock Exchange fees. These expenses will be deducted from the assets of the Company (which includes any income). All reasonable out-of-pocket expenses of, the Investment Manager, the Administrator, the Registrar, the Custodian and the Directors relating to the Company will be borne by the Company.

Given that many of the fees are ad hoc in their nature, the maximum amount of fees, charges and expenses that the Company may incur in any year cannot be calculated in advance.

5. CONFLICTS OF INTEREST

The Investment Manager

The Investment Manager currently advises other funds that invest in India, namely Ocean Dial Investment Funds plc, an Irish UCITS, and its two sub-funds, Gateway to India Fund and Systematic India Return Fund.

The Investment Manager may from time to time act for other clients which have a similar or different investment objective and policy to that of the Company and manage other funds which invest in India. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more such clients of the Investment Manager.

In the event of a conflict arising, the Investment Manager will have regard to its obligations under its agreement with the Company and will otherwise act in a manner that it considers fair, reasonable and equitable having regard to its obligations to other clients when potential conflicts of interest arise. In such cases, the Investment Manager will also follow its conflicts policy and aggregation and allocation policy.

Where any conflict arises that would fall within the provisions of Part 3 of the Authorised Closed-Ended Investment Scheme Rules 2015, the Investment Manager shall ensure that the "arm's length requirement" (as described in that part) is satisfied.

The Directors

In relation to transactions in which a Director is interested, the Articles provide that, subject to due disclosure in accordance with the Companies Law, (i) a Director may be counted in quorum and vote at any board meeting notwithstanding that he (a) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine; (b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; (d) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and (ii) a Director shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

The Directors are also required by the Authorised Closed-Ended Investment Scheme Rules 2015 to take all reasonable steps to ensure that there is no breach of any of the conflict of interest requirements in those Rules.

6. THE TAKEOVER CODE

The Takeover Code applies to the Company.

7. CORPORATE GOVERNANCE

General

The Directors will follow and report against the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

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

As at the date of this document, the Company complies with the AIC Code and is a member of the AIC. In accordance with such code, the Company meets its obligations in respect of the UK Corporate Governance Code.

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.

Audit committee

The Company's audit committee consists of John Whittle (who is chairman) and Peter Niven, and meets at least twice a year. The Board considers that the members of the audit committee have the requisite skills and experience to fulfil the responsibilities of the audit committee.

The committee is responsible for monitoring the process of production, and ensuring the integrity, of the Company's accounts. The primary responsibilities of the committee are: to oversee the relationship with the Auditor and make recommendations to the Board in relation to their re-appointment and to approve their remuneration and terms of engagement; to assess the Auditor's independence and objectivity and the effectiveness of the audit process; to review the effectiveness of the Company's internal control environment; to identify, assess, monitor and mitigate the risks associated with the Company's business; to monitor adherence to best practice in corporate governance; and to review the Company's whistleblowing arrangements and its procedures for detecting fraud and preventing bribery and corruption.

In discharging its responsibility to oversee the Auditor's independence, the audit committee considers whether any other engagements provided to the Auditor will have an effect on, or perception of, compromising the Auditor's independence and objectivity. The performance of services outside of the external audit must be specific and approved by the audit committee chairman.

The audit committee's chairman presents the committee's findings to the Board at each Board meeting.

Management engagement committee

In accordance with the AIC Code, the Company has established a management engagement committee which is chaired by the chairman of the Board and consists of all of the Directors. The management engagement committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the Investment Manager and it will annually review the appointment and the terms of the Investment Management Agreement.

Remuneration committee

As all the Directors are non-executive, the Board has resolved that it is not appropriate to form a remuneration committee. The remuneration of the independent non-executive Directors is reviewed and discussed by the Board as a whole with independent advice.

Nomination committee

The Board does not consider that a nominations committee is necessary. The Board considers the composition of the Board as a whole and of any Board committees at least annually.

8. DIRECTORS' SHARE DEALING

The Company has adopted a share dealing code for the Board in order to ensure compliance with their obligations under MAR. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

PART 3

FINANCIAL AND OTHER INFORMATION RELATING TO THE COMPANY

The annual reports and audited financial statements of the Company for each of the three financial years ended 31 December 2014, 2015 and 2016, and the interim report and unaudited financial statements for the period from 1 January 2017 to 30 June 2017 are reproduced in sections A, B, C and D respectively of Part 7 of this document.

Where the annual reports and audited financial statements of the Company as reproduced in Part 7 of this document make reference to other documents, such other documents are not incorporated into and do not form part of this document.

Contained in the annual reports and the unaudited financial information is a discussion of the Company's results of operations and financial condition for the financial years ended 31 December 2014, 2015 and 2016, and for the six month period ended 30 June 2017, which have all been prepared in accordance with IFRS. Prospective investors should read the following discussion, together with the whole of this document, including the Risk Factors, and the annual reports and audited financial statements of the Company and the interim report and unaudited financial statements of the Group as reproduced in Part 7 of this document and should not just rely on the key or summarised information contained in this Part 3. Save for the audited annual financial statements as reproduced in Part 7 of this document none of the information in this document has been audited.

Accounting policies

The financial statements of the Company as reproduced in Part 7 of this document have been prepared in accordance with IFRS. IFRS comprises standards and interpretations approved by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee as at each relevant accounting period.

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

- 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 the Investment Manager;
- committing 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
- 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 at the corresponding valuation date.

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

Operating and financial review

The published annual reports and audited financial statements for the three financial years ended 31 December 2014, 2015 and 2016, and the interim report and unaudited financial statements for the period from 1 January 2017 to 30 June 2017, are reproduced in sections A, B, C and D respectively of Part 7 of this document and include, on the pages of this document specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company and the Group's portfolio for each of those years.

	12 months to 31 December			*6 months to*
	2014	*2015*	*2016*	*30 June 2017*
Portfolio performance	F-11 – F-13, F-30 – F-32	F-57 – F-59 F-77 – F-79	F-105 – F-106 F-126 – F-128	F-151 – F-152
Financial condition	F-8	F-55, F-57	F-104	F-146 – F-147, F-149
Significant factors affecting income	F-8, F-13	F-54	F-102, F-103	F-147 – F-148
Material changes in revenue and operating results	F-8	F-55, F-57	F-104	F-146 – F-147, F-149
Policies and factors which could affect operations	F-8 – F-9	F-54 – F-57	F-102 – F-105	F-147 – F-151
Capital resources	F-8, F-10	F-55 – F-57	F-102 – F-105	F-147 – F-151

Summary financial information

The table below sets out the key financial information that has been extracted without material adjustment from the audited financial statements in respect of the financial years ended 31 December 2014, 2015 and 2016, and the interim report and unaudited financial statements for the period from 1 January 2017 to 30 June 2017, each of which are reproduced in full in Part 7 of this document. The Company believes that this information summarises the financial condition and operating results over the relevant period.

Financial assets designated at fair value through profit or loss

£'000 otherwise stated	*As at 31 December 2014*	*As at 31 December 2015*	*As at 31 December 2016*	*As at 30 June 2017 (unaudited)*
Financial assets designated at fair value through profit or loss	55,776	60,509	100,374	124,249
Net Asset Value	55,693	60,480	100,478	124,431
Net Asset Value per share (pence) – undiluted	74.26	80.64	89.31	110.60
Net Asset Value per share (pence) – diluted	69.83	74.09	89.31	110.60

	Year ended 31 December 2014	*Year ended 31 December 2015*	*Year ended 31 December 2016*	*Six months ended 30 June 2017 (unaudited)*
Loss before taxation (revenue)	(438)	(286)	(262)	(172)
Profit before taxation (capital)	21,278	5,073	17,385	24,125
Profit before taxation (total)	20,840	4,787	17,123	23,953
Loss after taxation (revenue)	(438)	(286)	(262)	(172)
Profit after taxation (capital)	21,278	5,073	17,385	24,125
Profit after taxation (total)	20,840	4,787	17,123	23,953
Earnings per Share (pence)	27.79	6.38	19.04	21.29

The total profit/(loss) after taxation is the "total comprehensive income" as defined by International Accounting Standard 1 'Presentation of Financial Statements'. There is no other comprehensive income as defined by IFRS and all items derive from continuing operations.

Capitalisation and indebtedness of the Company

The following table shows: (i) the Company's unaudited indebtedness as at 30 November 2017, sourced from the Company's internal accounting records, and (ii) the Company's unaudited capitalisation as at 30 June 2017, extracted without material adjustment from the Company's unaudited interim financial information for the six month period ended 30 June 2017 (being the latest date in respect of which the Company has published financial information). This information is presented under IFRS and the accounting policies of the Company as adopted in the financial statements for the year ended 31 December 2016. As at 30 November 2017, the Company had gross indebtedness of £nil.

Gross Indebtedness	*As at 30 November 2017 £'000 (unaudited)*
Total current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total current debt	–
Total non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total non-current debt	–

Capitalisation	*As at 30 June 2017 £'000 (unaudited)*
Equity attributable to equity shareholders of the Company	
Share capital	1,125
Other distributable reserve	95,350
Total capitalisation	96,475

Net liquidity	*As at 30 November 2017 £'000 (unaudited)*
Cash	88
Cash equivalents	–
Trading securities	–
Liquidity	88
Current bank debt	–
Other current financial debt	–
Current financial indebtedness	–
Non-current bank loan	–
Non-current financial indebtedness	–
Non-current financial indebtedness	–
Net financial liquidity	88

As at the date of this document, there has been no material change to the capitalisation of the Company since 30 June 2017.

Working capital

The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is, at least the next 12 months from the date of this document.

No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2017, being the date to which the Company's unaudited financial information for the six months then ended has been prepared.

PART 4

TAXATION

INTRODUCTION

The information below, which relates only to Guernsey, United Kingdom, Indian and Mauritian taxation, summarises the advice received by the Board from the Company's advisers so far as applicable to the Company and to persons who are resident in Guernsey, the United Kingdom, India and Mauritius for taxation purposes and who hold Shares as an investment. It is based on current Guernsey, United Kingdom, India and Mauritius tax law and published practice which is, in principle, subject to any change (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend on the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

GUERNSEY

The Company

The Company is presently exempt from corporate tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. The Company is required to apply for exemption on an annual basis and is required to pay the annual fee for such exemption, currently set at £1,200 per annum. Should the Company cease to qualify for this exemption for any reason, the Company would be subject to income tax at the company standard rate in Guernsey, presently set at 0%.

No deduction of tax from any dividends payable by the Company will be made but the Administrator will provide details of any distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm or who carry out business there through a permanent establishment, to the Director of Income Tax in Guernsey.

Stamp Duty

No stamp duty is chargeable in Guernsey on the issue, transfer, repurchase or redemption of Shares.

FATCA and CRS

The Company may be subject to the Foreign Account Tax Compliance Act ("**FATCA**"). In 2013, the States of Guernsey signed an inter-governmental agreement with the United States ("**Guernsey – US IGA**") concerning the implication of FATCA. The IGA provides details of the mechanism by which Guernsey-based entities will provide disclosure details in respect of certain investors in the Company who are residents or citizens of the US. The Guernsey – US IGA is implemented through Guernsey's domestic legislation. The Company reserves the right to request from any Shareholder or potential Shareholder such information as is deemed necessary to comply with FATCA and any obligations arising under the Guernsey – US IGA.

The Council of the European Union has repealed Directive 2003/48/EC, which had implemented the EU Savings Directive ("**EUSD**"). The repealing Council Directive (EU) 2015/2060 was made on 10 November 2015 and this decision impacted on the equivalent agreements that Guernsey had made with all EU Member States. For Guernsey, the EUSD ceased to apply after 2015 (the 2016 exchange, of 2015 data, being the last).

Guernsey announced that it would be an “Early Adopter” of the Common Reporting Standard (“**CRS**”) in replacement of the EUSD and this has been implemented from 1 January 2016, with first reporting taking place in 2017. As a result, further similar agreements with other jurisdictions have been executed, and are expected to be executed in the future, and the Company reserves the right to request from any Shareholder or potential Shareholder such information as is deemed necessary to comply not only with the existing intergovernmental agreements referred to above but any similar agreements relating to automatic exchange of information.

Shareholders

Shareholders who are resident in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid to them in respect of their Shares. No deduction of tax from any dividends payable by the Company will be made but the Administrator will provide details of any distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm, or who carry out business there through a permanent establishment, to the Director of Income Tax in Guernsey.

Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of, or in connection with, the acquisition, holding or disposal of their Shares.

UNITED KINGDOM

Introduction

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

All potential investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Shares under the laws of their country and/or state of citizenship, domicile or residence.

The Company

It is the intention of the Directors that the Company will be managed and controlled in such a way that it should not be resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated there) the Company will not be subject to UK income tax or corporation tax other than on certain types of UK source payments.

Shareholders

UK Offshore Fund Rules

The Directors consider that the Company should not constitute an “offshore fund” for the purposes of Part 8 of the Taxation (International and Other Provisions) Act 2010, on the basis that a reasonable investor holding Shares should not expect to be able to realise all or part of their investment in the Shares on a basis calculated entirely or almost entirely by reference to the net asset value of the assets of the Company or an index of any description, otherwise than on a liquidation or winding up and the Company is not designed to be wound up on a stated or determinable date. Accordingly, individual and corporate Shareholders should not be liable to

United Kingdom income tax or corporation tax on income respectively in respect of any gain on disposal of the Shares, but they may, depending on their individual circumstances be liable to United Kingdom capital gains tax or corporation tax on chargeable gains realised on the disposal of their Shares.

Taxation of dividends — individuals

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be liable to income tax based on their personal circumstances at 7.5% (the basic rate tax band), 32.5% (the higher rate tax band) or 38.1% (the additional rate tax band) on any such dividend, subject to a £5,000 tax free dividend allowance (although it is possible that this tax free dividend allowance may decrease to £2,000 with retrospective effect from 6 April 2017). Any such dividend will be treated as the top slice of the individual's income for UK income tax purposes.

Taxation of dividends — companies

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will be subject to UK corporation tax on dividends paid by the Company on the Shares because the Company is not resident in a "qualifying territory" for the purposes of the legislation contained in the Corporation Tax Act 2009.

Other Shareholders within the charge to UK corporation tax that are not "small companies" will not be subject to corporation tax on dividends paid by the Company on the Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

Taxation of chargeable gains

A disposal of Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

UK resident individuals are, for each tax year, entitled to an exemption from capital gains tax for a specified amount of gains realised in that tax year. The current annual exempt amount for the tax year 2017-18 is £11,300.

For Shareholders within the charge to corporation tax, indexation allowance may reduce the amount of any chargeable gain arising on a disposal of Shares (but cannot give rise to or increase the amount of an allowable loss).

Stamp duty and stamp duty reserve tax

No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or matters or things done in relation to the transfer) are not executed in the UK and no matters or actions relating to the transfer are performed in the UK. Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer Shares will not be subject to UK SDRT.

ISAs, SIPPs and SSASs

Shares acquired in the secondary market should be qualifying investments for inclusion in an ISA, subject to applicable subscription limits.

For the 2017-18 tax year ISAs have an overall subscription limit of £20,000, all of which can be invested in stocks and shares. Investments held in ISAs will be free of UK tax on both capital gains and income. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit but a disposal of Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.

The Directors have been advised that the Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

Other UK Tax Considerations

The UK's "controlled foreign company" regime has been substantially reformed and is now contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. These rules apply for accounting periods of controlled foreign companies (CFCs) beginning on or after 1 January 2013. UK resident corporate Shareholders who consider that they may be affected by these rules should take their own advice.

Individuals resident in the UK are advised that Chapter 2 of Part 13 of the Income Tax Act 2007, which contains provision for preventing avoidance of income tax by transactions resulting in the transfer of assets to persons (including a company) abroad, may render them liable to taxation which in respect of undistributed income and profits of the Company.

The attention of Shareholders resident in the UK is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, chargeable gains made by the Company or a subsidiary may be attributed to a Shareholder (in proportion to his holding) who holds, alone or together with associated persons, shares which broadly entitle him to more than 25 per cent. of any such gains.

INDIA

A company which is tax resident in Mauritius under the applicable tax treaty, but has no branch or permanent establishment in India, will be subject to tax on the capital gains earned on sale of shares of Indian companies and tax at applicable rates under Indian tax laws will apply depending on the nature of shares and period of holding. However, it should not be subject to capital gains tax in India on the sale of securities, other than shares of Indian companies, as per the provisions of the applicable tax treaty between India and Mauritius and compliance with General Anti Avoidance Regulations in India.

In respect of shares listed on a recognised stock exchange in India and held for more than 12 months, there will be no capital gains tax on sale of such shares under the domestic tax laws of India provided the transaction of purchase and sale of such shares takes place on the stock exchange and securities transaction tax is paid.

Dividends, if any declared by an Indian company are exempt from tax in the hands of the shareholders provided the Indian company has paid dividend distribution tax in India.

MAURITIUS

The Subsidiary is incorporated in Mauritius and holds a category 1 global business licence and as a tax resident is governed by the Income Tax Act 1995 of Mauritius. The Subsidiary invests in India. The DTAA has recently been amended pursuant to a Protocol dated 10 May 2016. Amendments in relation to taxation of capital gains and interest income have been made. To obtain benefits under the DTAA, the Subsidiary must meet certain tests and conditions, including the establishment of Mauritius tax residence, central management and control in Mauritius, and related requirements. The Mauritian authorities have issued revised guidelines, strengthening the conditions for issue of tax residency certificates to Mauritian companies. The Subsidiary has obtained a Tax Residence Certificate ("**TRC**") issued by the Mauritius Revenue Authority to accede to the DTAA. The TRC is valid for a period of one year and is renewable annually provided the Subsidiary adheres to the undertakings that its board of directors has given to the Financial Services Commission of Mauritius and the Mauritius Revenue Authority. The renegotiation of the DTAA in line with India's policy on international tax, namely the principle of source-based taxation and amendments to the capital gains articles in the DTAA may result in capital gains made on the Subsidiary's investments in India becoming liable to capital gains tax in India. Pursuant to the amendments to the DTAA, India will have the right to tax capital gains arising from the financial year 2017-2018 onwards, and from the alienation of shares in an Indian resident company if such shares have been acquired on or after 1 April 2017. Shares acquired before 1 April 2017 will continue to be exempted upon their sale. Shares acquired after 1 April 2017 and sold before 1 April 2019 will be taxed at 50% of the domestic tax rate applicable in India whereas shares acquired from 1 April 2019 onwards will be taxable at the full tax rate applicable in India.

Under the current tax laws, the Subsidiary shall be taxed at 15 per cent. in Mauritius on its net chargeable income. However, the Subsidiary will be allowed a credit for foreign tax on its foreign source income against its tax liability. If no written evidence is presented to the Mauritius Revenue Authority showing the amount of foreign tax charged, the amount of foreign tax will nevertheless be conclusively presumed to be equal to 80 per cent. of the Mauritius tax chargeable with respect to that income resulting in an effective tax rate of per cent.

The information in the two immediately preceding paragraphs is based on current interpretation and practice and is subject to any future changes in tax laws and in the India-Mauritius Tax Treaty.

PART 5

ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated in Guernsey on 11 November 2005 with the name India Capital Growth Fund Limited with the registration number 43916 as a non-cellular company limited by shares under the Companies Law. The Shares were admitted to trading on AIM on 22 December 2005. The Company is an Authorised Closed-ended Collective Scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Closed-Ended Investment Scheme Rules 2008 issued by the GFSC. The Company operates under the Companies Law and ordinances and regulations made thereunder.

1.2 The registered office and principal place of business of the Company is at 1st Floor Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB with telephone number +44 20 7802 8900.

1.3 The Company is neither regulated nor authorised by the FCA. As at the date of this document, the Company is regulated by the GFSC as an Authorised Closed-ended Collective Investment Scheme and is subject to the AIM Rules. Once the Shares are admitted to the premium listing segment of the Official List and to trading on the Main Market, the Company and Shareholders will be subject to the Listing Rules, the Prospectus Rules, MAR and the Disclosure Guidance and Transparency Rules.

1.4 The Company's accounting period ends on 31 December of each year. The annual report and financial statements of the Company are prepared in Sterling according to IFRS and in accordance with the requirements of the Companies Law.

2. SUBSIDIARIES

The Company has one subsidiary:

Name	*Country of Incorporation*	*Proportion of ownership interest (%)*	*Principal Activity*
ICG Q Limited	Mauritius	100	Investment

3. SHARE CAPITAL

3.1 The Company may issue an unlimited number of shares, including shares of no par value or shares with a par value. Shares may be issued as (a) shares in such currencies as the Directors may determine; and/or (b) such other classes of shares in such currencies as the Directors may determine in accordance with the Articles and the Companies Law and the price per share at which shares of each class shall first be offered to subscribers shall be fixed by the Board.

3.2 The Company's issued share capital, all of which is fully paid: (i) as at the date of this document, and (ii) as it will be immediately following Admission is as follows:

	Number	*Aggregate nominal value (£)*
(i) As at the date of this document	112,502,173	1,125,021.73
(ii) Immediately following Admission	112,502,173	1,125,021.73

3.3 On incorporation on 11 November 2005, the authorised share capital of the Company was 2 pence divided into two Shares of 1p each.

3.4 The following changes in the share capital of the Company have taken place in the period between 1 January 2014 and the date of this document:

3.4.1 on 6 August 2014 the Company undertook a bonus issue of 37,500,710 Subscription Shares to holders of Shares on the basis of one Subscription Share for every two Shares held on 4 August 2014 (being the record date). The Subscription Shares were allotted to qualifying holders of Shares free of payment. Each Subscription Share conferred the right to subscribe for one Share at a fixed price of 61p on 6 August 2016 (the "**Subscription Share Rights**");

3.4.2 on 9 and 10 August 2016 the Company allotted a total of 37,500,710 Shares at a price of 61p per Share, pursuant to the exercise of the Subscription Share Rights; and

3.4.3 following the allotment of Shares pursuant to the exercise of the Subscription Share Rights, the Subscription Shares were cancelled with effect from 31 August 2016.

3.5 Save as disclosed in this paragraph 3, as at the date of this document:

3.5.1 no Shares were held by, or on behalf of, any member of the Group;

3.5.2 no Shares have been issued otherwise than as fully paid;

3.5.3 the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;

3.5.4 the Company has given no undertaking to increase its share capital; and

3.5.5 no capital of any member of the Group is under option or is agreed, conditionally or unconditionally, to be put under option.

3.6 Subject to passing resolution 6 at the next annual general meeting of the Company, the Board will be given the power to repurchase up to 16,864,075 Shares (being 14.99 per cent. of the issued share capital) by way of market purchases.

4. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

4.1 Save as set out below, no Director has any interests (beneficial or non-beneficial) in the share or loan capital of the Company as at 19 December 2017 (being the latest practicable date prior to the publication of this document):

Director	*Number of Shares*	*Percentage of issued share capital (%)*
Peter Niven	37,500	0.03
John Whittle	30,000	0.03

4.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment. Ms Scott was appointed as a non-executive director and Chairman of the Board on 18 December 2017. Mr Niven was appointed as a non-executive director on 11 August 2011 and Mr Whittle was appointed as a non-executive director on 17 November 2011. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are required to seek re-election on a periodic basis, in accordance with the Articles and as set out at paragraph 5 below under the heading “Retirement”. Directors appointed to fill a casual vacancy must seek re-election at the annual general meeting of the Company immediately following their appointment. Details of the provisions in the Articles relating to termination of the office of Directors are set out at paragraph 5 below under the heading “Vacation”.

4.3 Francis Carr resigned as director and Chairman of the Board on 18 December 2017 but remains a consultant to the Company, on a pro-rata fee of £28,000 per annum until 31 March 2018.

4.4 The Articles provide that the aggregate remuneration of all Directors in any 12 month period shall not exceed £200,000 or such higher amount as may be approved by ordinary resolution.

4.5 The aggregate fees of the Directors then in office in respect of the financial year ended 31 December 2016 was £80,000, and the fees paid to each Director are set out below. No benefits in kind were granted to the Directors.

Director	*Fees paid (£)*
Francis Carr	28,000
Peter Niven	22,000
Vikram Kaushik (resigned on 30 June 2016)	10,000
John Whittle	20,000

4.6 No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.

4.7 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

4.8 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) and memberships of administrative, management or supervisory bodies and/or partnerships:

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Elisabeth Scott	Allianz Technology Trust PLC Dunedin Income Growth Investment Trust PLC Fidelity China Special Situations PLC Pacific Horizon Investment Trust PLC IC Philanthropy Foundation Grasp Ventures Limited	The New Entrepreneurs Foundation

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Peter Niven	ABTA Insurance PCC Limited (formerly known as ABTA Travel Insurance Company Limited) AnaCap FP GP Limited AnaCap FP GP II Limited AnaCap FP GP III Limited AnaCap Atlantic Co-Investment GP Limited (+4 LPs) AnaCap Derby Co-Investment GP Limited (+2 LPs) AnaCap Debt Opportunities Limited AnaCap Investment Manager Limited Royal Bank of Canada (Channel Islands) Limited Equinox Russian Opportunities Fund Limited (formerly Russian Opportunities Fund Limited) Saltus (Channel Islands) Limited Guernsey Portfolios PCC Limited Round Hill Investment Management Limited SQN Asset Finance Income Fund Limited SQN Asset Finance (Guernsey) Limited SQN AFIF (AMBER) Limited SQN AFIF (BRONZE) Limited SQNAFIF (Cobalt) Limited SQN AFIF (Diamond) Limited Lotus Global Asset Holdings Limited Asset Holdings Limited Brick Global Asset Limited Thorntonhall Limited St James (LBG)	ABTA (Guernsey) Limited (formerly known as ABTA Insurance Company (Guernsey) Limited) Close European Accelerated Fund Limited Investec Capital Accumulator Trust Limited Phaunos Timber Fund Limited Jaguar Capital Guernsey Limited Resolution Limited Resolution Holdings (Guernsey) Limited (formerly known as Sussex Holdings (Guernsey) Limited) PSource Structured Debt Limited PSD SVP2 Inc Dexion Trading Limited Threadneedle Asset Backed Income Limited F&C Commercial Property Holdings Limited F&C Holdings Limited (formerly F&C Commercial Property Limited) F&C Commercial Property Finance Limited F&C Commercial Property Trust Limited (was New FCPT Limited) SCP Estate Holdings Limited SCP Estate Limited Winchester Burma Limited Prime Four Limited Bramshott General Partner Inc Leonardo Crawley Limited
John Whittle	Pont du Val Ltd International Public Partnerships Ltd The IPM Renewable Energy Fund ICC Ltd The Solar Park Fund (GBP) IC Limited Sciens Global Strategic Fund Ltd Mid Europa III Management Limited EMP Europe (CI) Limited Mid Europa IV Management Limited The Offshore Mutual Fund PCC Ltd	Close Fund Services Ltd Legion International Ltd GS Volatility Strategy IC Ltd GS High Frequency MSS UK Property Index Fund Management Ltd Aurora II GP Ltd Blue Skye GP Ltd Merchant Asset Management (Guernsey) Limited Avoca Senior Loans Europe Ltd FTSE UK Commercial Property Index Fund Limited Saunderton Data Centre GP Ltd The Sustainable Forestry ICC Ltd

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
John Whittle *continued*	Guernsey International Management Company Ltd Perusa Partners Management Ltd CPL Guernsey Limited CPL GP Limited Steadfast Capital III (GP) Ltd B&Q (Retail) Guernsey Ltd B&Q (Retail) Jersey Ltd Advance Frontier Markets Fund Ltd Investments Limited Globalworth Investment Advisers Limited GLI Finance Ltd Toro Ltd The V2R Northern Ireland Opportunities Fund IC Aurora Russia Ltd	Sustainable Teak and Agarwood IC Ltd Sustainable Agroforestry IC Ltd Sustainable Red IC Ltd Sustainable Earth IC Ltd GC Dynamic Investments ICC Ltd Dynamic Fund IC Ltd Sciens Acqua Master Fund Merchant Financing Funds ICC The Merchant Gemini Turnaround Fund Starfin Public GP Limited Global Worth Real Estate

4.9 Save as disclosed in paragraph 4.7 above, the Directors in the five years before the date of this document:

4.9.1 do not have any convictions in relation to fraudulent offences;

4.9.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

4.9.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

4.10 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.

4.11 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

4.12 Other than as set out in the table below, as at 19 December 2017 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person who was directly or indirectly interested in three per cent. or more of the Company's ordinary share capital:

Name	*Number of shares*	*% holding*
Lazard Asset Management	18,762,951	16.68
Hargreaves Lansdown	13,821,698	12.29
Charles Stanley	6,284,705	5.59
EFG Harris Allday	6,119,270	5.44
Miton Asset Management	5,850,000	5.20
Rathbones	4,169,557	3.71
AJ Bell	3,810,685	3.39

4.13 All Shareholders have the same voting rights in respect of the share capital of the Company.

4.14 The Company and the Directors are not aware of any person who as at 19 December 2017 (being the latest practicable date prior to the publication of this document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor are they aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

5. MEMORANDUM AND ARTICLES

The Articles were adopted on 19 October 2017 and contain the following provisions:

Objects

In accordance with the Companies Law, the objects of the Company are unrestricted.

Dividends and other distributions

Subject to the rights of any shares in the capital of the Company which may be issued with special rights or privileges, the Shares carry the right to receive all income of the Company attributable to the Shares, and to participate in any distribution of such income made by the Company, and such income shall be divided *pari passu* among the Shareholders in proportion to the number of Shares held by them.

The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Articles and the Companies Law, and subject to any Shareholders' rights attaching to their Shares.

All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

Voting

Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.

Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him.

Capital

As to a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any shares that may in future be issued with special rights or privileges, be divided *pari passu* among the Shareholders in proportion to the number of Shares held by them.

Issue of Shares

Subject to the provisions of the Articles, all shares of the Company are under the control of the Board who may allot and issue the same in such manner, at such times and subject to such terms and conditions as they may determine.

The Articles require that, whilst the Company is admitted to trading on the Main Market, the Board shall not exercise any power of the Company to allot Relevant Securities (as defined in the Articles) unless they are authorised to do so by the Company in a general meeting in accordance with the Articles. The maximum amount of securities that may be allotted under such authority and the date on which the authority will expire must be stated, which date must not be more than five years from the date on which the resolution was passed.

Subject to the provisions of the Companies Law, and without prejudice to any special rights conferred on Shareholders, any share may be issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.

Save as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or recognise interest in any share or (except only as by the Articles or by law otherwise provided) any other right in respect of any share other than an absolute right to the whole of the share in the holder.

Pre-emption rights

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Shares. The Articles contain pre-emption rights on the issue of shares whilst the Company is admitted to trading on the Main Market. These rights are that the Company shall not allot any Equity Securities (as defined in the Articles, and which excludes shares to be allotted pursuant to an employees' share scheme) for cash to a person unless it has made an offer to each person who holds Relevant Shares or Employee Shares (as defined in the Articles) to allot to him on the same or more favourable terms a proportion of those securities which is, as nearly as is practical, equal to the proportion of the total number of relevant shares and relevant Employee Shares held by him. The Company may by special resolution give the Board power to allot Equity Securities as if the above pre-emption rights do not apply or as if such rights apply with such modifications as the Board may determine. The Articles provide that the pre-emption rights shall not apply to an allotment of Equity Securities wholly or partly paid up otherwise than in cash.

The Companies Law does not include an equivalent to sections 560 to 571 of the 2006 Act and the purpose of the above-mentioned pre-emption rights provisions of the Articles is to provide similar provisions in favour of Shareholders.

Variation of rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:

- in such manner (if any) as may be provided by those rights; and
- in the absence of any provision, with the consent in writing of three-quarters of the issued shares of that class, or with the sanction of a resolution passed by not less than three-quarters of the votes cast at a separate meeting of the holders of that class, but not otherwise.

To every such separate meeting, the provisions of the Articles relating to general meetings shall apply, except that the necessary quorum at any meeting shall be two persons together holding or representing by proxy at least one-tenth of the issued shares of the class in question except where there shall be one person holding shares of the class in question in which case the quorum shall be that holder.

Disclosure of interests in Shares

Disclosure Guidance and Transparency Rules

Whilst any of the Company's issued shares are admitted to trading on any stock exchange in the UK or elsewhere, the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTR5**") are deemed to be incorporated by reference into the Articles and, accordingly, the vote holder and issuer notification rules set out in DTR5 apply to the Company and each Shareholder.

In addition, the Articles expressly provide that for so long as the Company is admitted to trading on any stock exchange in the UK or elsewhere:

- A member shall, without delay after his shareholding reaches, exceeds or falls below 5 per cent. of the Company's issued share capital, give notice in writing to the Company, stating certain information as specified in the Articles. Each member is also required, to the extent that he is lawfully able to do so, to notify the Company if any other person acquires or ceases to have a notifiable interest of which he is the registered holder, or, if unable lawfully to provide such notification, to use his reasonable endeavours to procure that such other person makes notification of his interest to the Company.
- Where the percentage of voting rights reaches, exceeds or falls below each of the following thresholds, being 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent. 50 per cent. and 75 per cent., as a result of an acquisition or disposal of shares or such financial instruments the member shall give notice in writing to the Company without delay (and in any event within four trading days), stating certain information as specified in the Articles.

If the Company determines that a Shareholder (a "**Defaulting Holder**") has not complied with the provisions of DTR5 with respect to some or all of the shares held by that Shareholder ("**DTR Default Shares**"), the Company shall have the right by delivery of notice to the Defaulting Holder (a "**Default Notice**") to:

- suspend the right of such Defaulting Holder to vote the DTR Default Shares at any meeting of the Company, with effect from the date the Default Notice is delivered to the Defaulting Holder until a date that is not more than seven days after the Company has determined that the Defaulting Holder has cured the non-compliance (the Company may at any time by subsequent written notice cancel or suspend the operation of a Default Notice);
- withhold, without any obligation to pay interest, any dividend or other amount payable with respect to the DTR Default Shares with such amount to be payable only after the Default Notice ceases to have effect;
- render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or part thereof; and/or
- prohibit the transfer of any shares of the Company held by the Defaulting Holder except with the consent of the Company or if the Defaulting Holder can provide satisfactory evidence to the Company to the effect that, after due inquiry, such Defaulting Holder has determined that the shares to be transferred are not DTR Default Shares.

Disclosure Notices

The Directors may serve notice on any person whom the Company knows or has reasonable cause to believe is (or was at any time in the previous 3 years) interested in the Company's shares requiring that person to disclose to the Company the identity of any person (other than that person) who has an interest in the shares held by that person and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. Such provisions are equivalent to the powers contained in section 793 of the UK Companies Act 2006 which would apply to UK companies.

A member who holds less than 0.25 per cent. of the issued shares is obliged to disclose to the Company whether such shares are held legally and beneficially by that member without any other interest (e.g. encumbrances, third party interests, etc.), in what capacity the shares are held and the class of persons for whom they are held (if applicable). However, such member is under no obligation to disclose the actual identity of the persons concerned. A member who holds 0.25 per cent. or more of the issued shares is obliged to disclose the same information to the Company, but is also required to disclose the actual identity of all the persons for whom or on whose behalf the relevant shares are ultimately held.

If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares of which the default has occurred ("**Default Shares**") and any other shares held by such Shareholder, such Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. of the shares for the time being in issue, the direction notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest), and that no transfer of Default Shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

Transfer of Shares

Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for Shares to be admitted to settlement by means of an Uncertificated System.

If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is inconsistent with:

- the holding of Shares in uncertificated form;
- the transfer of title to Shares by means of that Uncertificated System; or
- the Regulations and the Rules.

Where the Shares are, for the time being, admitted to settlement by means of an Uncertificated System such securities may be issued in uncertificated form in accordance with and subject to the Regulations and any Rules. Unless the Board otherwise determines, Shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the Regulations and the Rules. Title to such of the Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of an Uncertificated System.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form which is not fully paid provided that where any such Shares are traded in a recognised clearing house of recognised investment exchange, the refusal does not prevent dealings in the Shares taking place on an open and proper basis.

In addition, the Board may decline to transfer, convert or register a transfer of any Share in certificated form, or (to the extent permitted by the Regulations and the Rules) uncertificated form, if it is in favour of more than four joint transferees. The Board may also decline to register a transfer of certificated shares unless the instrument of transfer is delivered for registration to the registered office of the Company or such other place as the Board may decide and accompanied by the certificate for the Shares to which it relates, or an suitable indemnity in respect thereof, and such other evidence of title as the Board may reasonably require.

The Board may not decline to register a transfer of an uncertificated Share which is traded through an Uncertificated System in accordance with the Regulations and the Rules.

Compulsory Transfer of Shares

If it comes to the notice of the Board that, without the consent of the Board, a registered holder or beneficial owner of any share is a "**Non-Qualified Member**" (as defined below), the Board may at any time serve a notice on such Non-Qualified Member requiring the transfer of the relevant interest in the relevant shares, and if a stock transfer form effecting the transfer and any relevant share certificate(s) have not been received at the registered office of the Company within 28 days of service of the notice, or the person to whom such notice is addressed does not within such period satisfy the Board that the requirements of the notice have been satisfied, the Company may sell the relevant shares on behalf of the holder of the shares by instructing a stockbroker to sell them in accordance with the best practice then obtaining to a person who is not a Non-Qualified Member.

To give effect to any sale of shares pursuant to the preceding paragraph the Board may authorise some person to transfer the shares in question and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The purchaser will not be bound to see to the application of the purchase monies nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of sale will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds of transfer. No trust will be created in respect of the debt, and no interest will be payable in respect of it, and the Company will not be required to account for any monies earned from the net proceeds of transfer. The Company may employ such monies earned in its business or as it thinks fit.

The Board may, at any time, require the registered holder of any shares to provide evidence that the beneficial owner of those shares is not a Non-Qualified Member and that such shares have not been acquired for the account, or for the benefit, of any Non-Qualified Member or with a view to offering or selling the shares to a Non-Qualified Member or in any jurisdiction in which an offer or sale of shares would not be permitted in the manner contemplated.

For the purposes of the Articles a "**Non-Qualified Member**" is any person to whom a transfer of shares may:

- cause the Company's assets to be deemed "plan assets" for the purposes of the Plan Asset Regulations or the U.S. Code;
- cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the U.S. Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled;
- cause the Company to be required to register or be qualified under the U.S. Exchange Act, the U.S. Securities Act, the U.S. Investment Advisers Act or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities;
- cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 36-4(c) under the U.S. Exchange Act;
- result in a person holding Shares in violation of the transfer restrictions set forth in any prospectus published by the Company, from time to time;

- cause the Company to be a “controlled foreign corporation” for the purposes of the U.S. Code;
- cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation).
- result in any Shares being owned, directly or indirectly, by any person who is deemed to be a Non-Qualified Member as defined by and in accordance with these Articles.

General meetings

Convening general meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Law.

Calling of general meetings

The Board may convene general meetings and, on the requisition of members pursuant to the Companies Law, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition.

Length of notice

All annual general meetings shall be called by at least 21 clear days’ notice and all extraordinary general meetings shall be called by at least 10 clear days’ notice. All members of the Company entitled to attend and vote at an extraordinary general meeting may in any particular case agree that an extraordinary general meeting shall be deemed to have been duly called, and notice of the intention to propose any special resolution shall be deemed to have been duly given, notwithstanding that the extraordinary general meeting is called by less than the requisite notice.

Proceedings at general meetings

No business shall be transacted at any general meeting unless a quorum is present. Save as otherwise provided in the Articles, two members present either in person or by proxy or in the case of a corporation by a duly authorised representative shall be a quorum for a general meeting.

If a quorum is not present within ten minutes from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same date in the next week at the same time and place or to such time and place as the board may determine. If at the adjourned meeting a quorum is not present within ten minutes after the time appointed for the holding of the meeting, the meeting shall be dissolved.

The Board may authorise the attendance by Shareholders, proxies and corporate representatives at general meetings at more than one location, or by electronic means.

Votes of Shareholders

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded. Subject to the provisions of the Companies Law, a poll may be demanded by:

- the chairman; or
- one or more Shareholders representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.

On a show of hands, each Shareholder present in person or by proxy, and each duly authorised representative of a Shareholder that is a corporation present in person or by proxy, has one vote. On a poll each Shareholder present in person or by proxy or (being a corporation) by a duly authorised representative or proxy has one vote for each share held by the Shareholder. The Chairman does not have a casting vote.

Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the Shareholders in the Company, either in person or by proxy, in respect of any Share held by him unless all calls and other sums presently payable by him in respect of that Share have been paid.

No member of the Company shall, if the Directors so determine, be entitled in respect of any Share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such Shares has failed to comply with a Disclosure Notice within 14 days of the expiry of the prescribed period (being, in a case where the Shares in question represent at least 0.25 per cent. of the Shares in issue at that time, or within 28 days, in any other case, from the date of such Disclosure Notice). These restrictions will continue until the information required by the notice is supplied to the Company or until the Shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

Appointment, retirement and vacation of Directors

Appointment

Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be subject to any minimum or maximum number. A majority of the Directors shall not be resident in the United Kingdom or the United States for the purposes of United Kingdom or United States taxation as the case may be.

A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.

Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person shall be appointed as a director at any general meeting unless either:

- he is recommended by the board; or
- not less than three nor more than thirty-five clear days before the date appointed for the general meeting a notice signed by a member qualified to vote at the general meeting has been given to the Company of the intention to propose that person for appointment together with a notice signed by that person of his willingness to be appointed,

and in each case provided that such appointment will not result in a majority of the board consisting of Investment Manager Directors (defined below).

Retirement

No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that such Director has attained the age of 70 years or any other age. Subject to the Articles, at each annual general meeting of the Company, any Director who:

- has been appointed by the Board since the last annual general meeting,
- held office at the time of the two preceding annual general meetings and who did not retire at either of them, or

- has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for election or re-election by the Shareholders.

A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If elected or re-elected he or she is treated as continuing in office throughout. If not elected or re-elected, he or she shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in place of such Director or when a resolution to elect or re-elect the Director is put to the meeting and lost.

Vacation

The office of a Director shall be vacated if:

- they resign their office by notice in writing delivered to the office or tendered at a meeting of the board; or
- they begin to or have been suffering from mental ill health or become a patient for any purpose of any statute relating to mental health and the board resolved that their office is vacated; or
- they are absent without the permission of the board from meetings of the board (whether or not an alternate director appointed by them attends) for six consecutive months and the board resolves that their office is vacated; or
- they cease to be a director by virtue of any provision of the Companies Law or they become prohibited or disqualified by law from being a director; or
- they have their affairs declared “en desastre” or has a preliminary vesting order made against their Guernsey realty, become bankrupt, suspend payment or compound with their creditors, or are adjudged insolvent or any analogous event occurs under the laws of any jurisdiction; or
- they are removed from office pursuant to the Articles;
- if, subsequent to their appointment, they become resident for tax purposes in the United Kingdom or the United States and as a result thereof a majority of the Directors are so resident in the United Kingdom or the United States, as the case may be; or
- by notice in writing delivered to the office or tendered at a meeting of the board, their resignation is requested by all the other directors being not less than two in number.

If the office of a director is vacated for any reason, they shall cease to be a member of any committee or sub-committee of the board.

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 his 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.

Proceedings of the Board

The Board may meet for the despatch of business, and may adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretions exercisable by the Board.

All meetings of Directors shall take place outside the United Kingdom and the United States and any decision reached or resolution passed by the Directors at any meeting not held outside the United Kingdom or the United States or at which a majority of Directors resident for tax purposes in the United Kingdom or United States is present shall be invalid and of no effect.

The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting. Questions arising at any meeting shall be determined by a majority of votes.

The Board may delegate any of its powers to committees consisting of such member or members of its body as it thinks fit provided that each committee consists of a majority of non-United Kingdom and non-United States resident directors, but the Board must retain overall authority for the transaction and must consider and approve the transaction prior to signature. Such committee shall only meet outside the United Kingdom and the United States.

Remuneration of Directors

The Directors shall be entitled to receive fees for their services, such sums not to exceed £200,000 in aggregate in any financial year (or such sum as the Company in general meeting shall from time to time determine). The Directors may be paid reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director. If, by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, such Director may be paid such reasonable additional remuneration as the Board may determine.

Interests of Directors

Subject to the Companies Law and provided that they have disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office:

- may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in the other company. The Board may also cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit, including the exercise of the voting power or power of appointment in favour of the appointment of the Directors or any of them as directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company;
- may hold any other office or place of profit within the Company (except that of auditor) in conjunction with his office of director for such period (subject to the Statutes) and upon such other terms as the Board may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board decide, and either in addition to or in substitution of any remuneration provided to them;
- may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit,

but a director may not vote on or be counted in the quorum in relation to any resolution relating to any such matter.

A general notice given to the Board that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.

An interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of that Director.

Winding up

If the Company shall be wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Law:

- divide among the members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as he deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes of members; or

- vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit,

but no member shall be compelled to accept any shares or other assets upon which there is any liability.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, to mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. THE TAKEOVER CODE AND OTHER RELEVANT LAW AND REGULATION

6.1 The UK City Code on Takeovers and Mergers (the "**Takeover Code**") applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that Shareholders are treated fairly, are not denied an opportunity to decide on the merits of a takeover and to ensure that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers is on a statutory footing.

6.2 The Takeover Code is based upon a number of general principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. Under Rule 9 of the Takeover Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (ii) any person who, together with persons acting in concert with him, holds not less than

30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights, then in either case that person together with the persons acting in concert with him is normally required to make a general offer in cash, at the highest price paid by him, or any person acting in concert with him, for shares in the company within the preceding 12 months, for all the remaining equity share capital of the company. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

6.3 In order for a takeover offer to satisfy the requirements of Part XVIII of the Companies Law, the prospective purchaser must prepare a scheme or contract (in this paragraph, the "**offer**") relating to the acquisition of the shares and make the offer to some or all of the shareholders. If, within a period of four months following the making of the offer, the offer has been accepted by shareholders holding 90 per cent. in value of the shares affected by the offer, the purchaser may within a period of two months immediately after the last day on which the offer can be accepted, give notice to any shareholder explaining to whom the offer was made but who has not accepted the offer (in this paragraph the "**dissenting shareholders**") that it desires to acquire his shares on the same terms (a "**notice to acquire**"). A dissenting shareholder may, within one month after the date of a notice to acquire, apply to the Royal Court of Guernsey to cancel that notice. Unless, prior to the end of that one month period the Royal Court of Guernsey has cancelled that notice to acquire, or granted an order preventing the transferee from enforcing the notice to acquire, the transferee may acquire the shares belonging to the dissenting shareholders by paying the consideration chosen by the relevant dissenting shareholder, which it will hold on trust for the dissenting shareholders.

7. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Group in the two years immediately preceding publication of this document that are, or may be, material and of any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document:

7.1 *Financial Adviser and Sponsor Agreement*

A letter agreement dated 25 April 2017 between the Company and Stockdale pursuant to which, subject to certain conditions, Stockdale has agreed to act as the Company's financial adviser and sponsor in connection with Admission.

In consideration for its services in relation to Admission, the Company will pay Stockdale a corporate finance advisory fee of £150,000, payable in cash on the day of despatch of this prospectus to the Shareholders. In the event of the retainer being terminated prior to the despatch of this prospectus to the Shareholders, the Company will pay Stockdale a monthly retainer of £20,000 in cash, payable the day following such early termination of the retainer.

The financial adviser and sponsor agreement is governed by the laws of England and Wales.

7.2 *The Investment Management Agreement*

The Investment Management Agreement dated 19 September 2017 between (1) the Company and (2) the Investment Manager whereby the Investment Manager was appointed, to manage the investments of the Group in accordance with the investment policy from time to time approved by the Directors and the Investment Management Agreement shall be terminated with effect from Admission, subject to any right, obligation or remedy of either party in respect of any matter arising thereunder prior to such termination. The Investment

Management Agreement is an amended and restated investment management agreement which replaced the original implementation and investment management agreement dated 16 December 2005 with effect from 19 September 2017. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors, the Investment Manager has authority, conditional Admission, to make investments for the Group and to manage the assets of the Group.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a management fee payable jointly by the Company and the Subsidiary equivalent to 1.5 per cent. per annum of the Company's Total Assets plus VAT, if applicable, calculated and payable monthly in arrears.

The Investment Management Agreement contains an indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions. The Investment Management Agreement is governed by English law.

The Investment Management Agreement may be terminated by either the Investment Manager or the Company by giving 12 months' written notice to the other party.

The Investment Management Agreement may be terminated by the Company only with immediate effect if:

- an order has been made or an effective resolution passed for the liquidation of the Investment Manager (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company);
- the Investment Manager is, or is deemed to be, unable to pay its debts, or is insolvent, or stops or threatens to stop carrying on business or the payment of its debts or enters into an arrangement with its creditors or any of them;
- a receiver or similar officer has been appointed in respect of the Investment Manager or a substantial part of its assets or the Investment Manager becomes subject to any applicable bankruptcy or insolvency proceedings;
- the Investment Manager has committed a material breach of its obligations under the Investment Management Agreement which in each case is either irremediable or not remedied within 30 days of receipt by the Investment Manager of a notice signed on behalf of the Company requiring such breach to be rectified;
- the Investment Manager is or becomes (in either case within 90 days of being requested by the Board to do so) unable to procure an individual fund manager reasonably acceptable to the Board to provide the services described in the Investment Management Agreement; or
- the Investment Manager ceases to be authorised and regulated by the FCA.

The Investment Management Agreement may be terminated by the Investment Manager only:

- with immediate effect by notice in writing if the Company commits a material breach of the Investment Management Agreement which in each case is irremediable or not remedied within 30 days of receipt of written notice served by the Investment Manager requiring it so to do;
- by notice in writing if the Company is put into liquidation or wound up (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Investment Manager) or if a receiver or

administrator is appointed over all or any part of the assets of the Company or any subsidiary of the Company; or

- by giving notice in writing within 30 days of being notified by the Company of any material change to the Investment Policy.

7.3 ***Custodian Agreement***

The Custodian Agreement dated 2 March 2017 between the Subsidiary and the Custodian pursuant to which the Subsidiary has appointed the Custodian to provide custodian and settlement services to the Subsidiary in India. The services provided include setting up and maintaining securities records and cash accounts, keeping safe custody of the Subsidiary's investments and securities, processing corporate actions and collecting and processing the Subsidiary's income.

Under the terms of the agreement, the Custodian is entitled to a fee at the rate as may be agreed in writing between the Custodian and the Subsidiary from time to time. The Custodian is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

The Custodian Agreement is terminable by either the Subsidiary or the Custodian with immediate effect if there has been a material breach by either party and such breach has not been remedied within 30 days of receipt of notice of such party from the non-breaching party or upon either party giving at least 60 days prior written notice to the other party. Furthermore the Custodian Agreement may be terminated by the Custodian on the occurrence of certain events, including in the case of insolvency of the Subsidiary.

The Subsidiary has given certain market standard indemnities in favour of the Custodian in respect of the Custodian's potential losses in carrying on its responsibilities under the Custodian Agreement.

The Custodian Agreement is governed by the laws of India and the parties submit to the non-exclusive jurisdiction of the courts of India.

7.4 ***Administration Agreement***

The Administration Agreement, dated 20 December 2013, between the Company (1) and Apex Fund Services (Guernsey) Limited (2) pursuant to which the Administrator has been appointed the Administrator of the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to a per annum fee of either U.S.$61,750 or 5 basis points of the Net Asset Value, whichever is the greater. The Administrator will also be entitled to reimbursement of all reasonable out of pocket expenses properly incurred by it in the performance of its duties.

The Administration Agreement contains provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator, its directors, officers, employees, servants or agents in connection with the performance of its duties by the Administrator, save where such liabilities arise from the Administrator's own negligence, wilful misconduct or fraud or material breach of the Agreement. These exemptions from liability and indemnities are of a customary nature for contracts of this type.

The Administration Agreement may be terminated on not less than ninety days' written notice given so as to expire on the last day of any calendar month, provided that the Administration Agreement may be determined immediately:

(i) if either party commits a material breach of any of its obligations under the Administration Agreement which is not remedied within thirty days of a notice requiring the same to be remedied;

(ii) if either party commences liquidation proceedings or a receiver is appointed over any of its assets;

(iii) by the Company if no agreement is reached between the parties in relation to the Administrators' remuneration where the Administrator proposes a change to such remuneration and the Company gives notice that such proposed remuneration is not acceptable; or

(iv) by the Company if the Administrator ceases to hold the necessary licences, approvals, permits, consents or authorisations to perform its duties under the Administration Agreement.

Upon termination, the Administrator will be entitled to receive all fees accrued due to the date of termination but is not entitled to compensation in respect of such termination.

The Administration Agreement is governed by Guernsey law.

7.5 ***Mauritian Administration Agreement***

The Mauritian Administration Agreement dated 1 January 2014, between the Company (1), the Subsidiary (2) and Apex Fund Services (Mauritius) Ltd ("Apex Mauritius") (3) pursuant to which Apex Mauritius has been appointed to act as the administrator of the Subsidiary with effect from 1 January 2014.

Under the terms of the Mauritian Administration Agreement, Apex Mauritius is entitled to an annual fee of U.S.$29,000 or 5 basis points of NAV of the Subsidiary, whichever is the greater for its services including administration and registrar services.

The Mauritian Administration Agreement is terminable forthwith in the event that:

(i) a party goes into liquidation;

(ii) there is a material breach of the Agreement which is unremedied after a period of 30 days from written notice of such breach; or

(iii) either party loses its regulatory authorisation.

On termination of the Agreement, Apex Mauritius shall be entitled to such fees due to it at the date of such termination.

The Mauritian Administration Agreement contains provisions under which the Company exempts Apex Mauritius from liability and indemnifies Apex Mauritius, its directors, officers or employees in connection with the performance of its duties by Apex Mauritius, save where such liabilities arise from Apex Mauritius's own negligence, wilful misconduct or fraud or material breach of the Agreement. These exemptions from liability and indemnities are of a customary nature for contracts of this type.

The Mauritian Administration Agreement is governed by Mauritian law.

7.6 ***Registrar Agreement***

The Registrar Agreement dated 11 December 2014 between the Company and Neville Registrars Limited pursuant to which the Registrar has agreed to act as registrar to the Company.

The fees payable to the Registrar are based on an annual fee payable monthly in arrears based on the number of transactions plus properly incurred expenses, subject to a minimum fee of £1,248.00 per annum. The Company may terminate the Registrar Agreement on 3 months' notice.

The Registrar Agreement is governed by the laws of Guernsey.

7.7 ***Nomad Agreement***

The Nomad Agreement, dated 3 December 2010, between the Company (1) and Grant Thornton UK LLP (2) pursuant to the terms of which Grant Thornton UK LLP has been appointed to act as nominated adviser of the Company. Under the terms of the Nomad Agreement, Grant Thornton UK LLP is entitled to an annual retainer fee subject to any variation agreed in writing between the parties.

The Nomad Agreement will automatically terminate if the Shares or other securities issued by the Company cease to be quoted on AIM, and, otherwise, either party may terminate the Nomad Agreement by 30 days' written notice. The Nomad Agreement will therefore terminate with effect from Admission.

The Nomad Agreement is governed by the laws of England and Wales.

7.8 ***Broker engagement letter***

The broker engagement letter, dated 21 October 2016, and entered into between (1) the Company and (2) Stockdale, whereby Stockdale was appointed as the Company's broker.

Stockdale is entitled to fees of £50,000 per annum, made up of £30,000 for broking services and £20,000 for marketing services. The fees are payable by the Company quarterly in advance in the month following the first business day of every quarter.

The broker engagement letter is terminable by either the Company or Stockdale at any point from 21 October 2017 by 90 days' written notice. The broker engagement letter is additionally terminable for material breach.

The broker engagement letter is governed by the laws of England and Wales.

8. RELATED PARTY TRANSACTIONS

Save as disclosed in note 11 on page 25 of the Company's interim report and unaudited financial statements for the six month financial period ended 30 June 2017, note 13 on page 44 of the Company's annual report and audited financial statements for the financial year ended 31 December 2016, in note 13 on page 43 of the Company's annual report and audited financial statements for the financial year ended 31 December 2015, and in note 13 on page 41 of the Company's annual report and audited financial statements for the financial year ended 31 December 2014, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to Regulation (EC) No.1606/2002) at any time in the period from 1 January 2014 to the date of this document.

9. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware as at the date of this document) during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

10. THIRD PARTY INFORMATION

10.1 Certain information contained in this document has been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

11. GENERAL

11.1 The costs and expenses of Admission are estimated to be £510,000 and will be borne by the Company.

11.2 The Company is managed by Ocean Dial Asset Management Limited. Ocean Dial Asset Management Limited is a company registered in England and Wales (registration number 05583807) and is authorised and regulated by the Financial Conduct Authority. The address of the Investment Manager is 14 Buckingham Street, London WC2N 6DF and its telephone number is +44 20 7068 9870. The Investment Manager has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear.

11.3 Kotak Mahindra Bank Limited is a banking company incorporated under the Companies Act 1956, and licensed by Reserve Bank of India under the Banking Regulation Act 1949, having its registered office at 27BKC, C 27, G Block, Bandra Kurla Complex, Namdra (E), Mumbai 400051, acting through its branch located at, Kotak Infiniti, 2nd Floor, Zone 1, Building No. 21, Infinity Park, Off Western Express Highway, General A K Valdya Marg, Malad (E), Mumbai 400 097.

11.4 The auditor to the Company for each of the financial years ended 31 December 2016 and 31 December 2015 was Deloitte LLP of Regency Court, Glategny Esplanade, Guernsey GY1 3HW. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales. The auditor to the Company for the financial year ended 31 December 2014 was Ernst & Young LLP of Royal Chambers, St Julian's Avenue, St. Peter Port, Guernsey GY1 4AF. There were no material circumstances in relation to the non-renewal of Ernst & Young LLP's appointment.

11.5 Stockdale is registered in England and Wales under number 00762818 and its registered office is at Beaufort House, 15 St Botolph Street, London EC3A 7BB. Stockdale is authorised and regulated by the FCA and is acting in the capacity of financial adviser and sponsor to the Company. Stockdale has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

11.6 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than the Main Market.

11.7 The Company has no employees and no premises.

11.8 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

11.9 The Investment Manager, whose business address is set out in paragraph 11.2 of this Part 5 and who is interested in the Company by virtue of its appointment as the Company's investment manager, accepts responsibility for the sections entitled "Investment Criteria and Investment Process" and "Portfolio" in Part 1 of this document"; and "The Investment Manager" in Part 2 of this document and declares that, having taken all reasonable care to ensure that such is the case, the information attributable to it in this document is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Investment Manager consents to the inclusion of such information attributed to it in the form and context in which it is included.

12. INVESTMENT RESTRICTIONS

The Company at all times invests and manages its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 1.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

13. DOCUMENTS AVAILABLE FOR INSPECTION

13.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission:

13.1.1 the memorandum of incorporation of the Company and the Articles;

13.1.2 the annual report and audited financial statements for the financial years ended 31 December 2014, 2015, and 2016;

13.1.3 the interim report and unaudited financial statements for the period from 1 January 2017 to 30 June 2017; and

13.1.4 this document.

Dated 21 December 2017

PART 6

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

Absolute Returns	the measure of the gain or loss on an investment portfolio expressed as a percentage of invested capital
Administration Agreement	the Administration Agreement dated 20 December 2013 between the Company and the Administrator, a summary of which is set out in paragraph 7.5 of Part 5 of this document
Administrator or **Company Secretary**	Apex Fund Services (Guernsey) Limited
Admission	admission of the issued Shares to the Premium Listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance
AIFM	an alternative investment fund manager
AIFM Directive	the EU Directive on Alternative Investment Fund Managers (No. 2011/61/EU)
AIM	a market operated by the London Stock Exchange
AIM Rules	the AIM Rules for companies published by the London Stock Exchange from time to time
Articles	the articles of incorporation of the Company adopted on 18 October 2017
Auditor	Deloitte LLP
Capital gains tax	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
certificated or **in certificated form**	not in uncertificated form
Chairman	chairman of the Company
Common Reporting Standard	the reporting standard implemented by EU Council Directive 2014/107/EU of 9 December 2014 on mandatory automatic exchange of information in the field of taxation
Companies Law	the Companies (Guernsey) Law, 2008 (as amended)
Company	India Capital Growth Fund Limited
CRA Regulations	means Regulation (EC) No 1060/2009 on credit rating agencies
CREST	the computerised settlement system operated by Euroclear UK & Ireland Limited, being the operator of CREST, which facilitates the transfer of title to shares in uncertificated form
Custodian	Kotak Mahindra Bank Limited

Custodian Agreement	the custodian agreement dated 2 March 2017 between the Subsidiary and the Custodian, a summary of which is set out in paragraph 7.4 of Part 5 of this document
Directors or **Board**	the board of directors of the Company
Director of Income Tax	the Director of Income Tax in Guernsey who is responsible for the care and management for law relating to income tax
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under Section 73A of FSMA
EEA	European Economic Area
ERISA	U.S. Employee Retirement Income Security Act of 1976, as amended and the applicable regulations thereunder
EU	the European Union
FATCA	Sections 1471 through 1474 of the U.S. Internal Revenue Code
FCA	the Financial Conduct Authority
Financial Reporting Council	the UK Financial Reporting Council
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
Group	the Company and the Subsidiary
GFSC	the Guernsey Financial Services Commission
Guernsey	the island of Guernsey
HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards as adopted by the European Union
INR or **Rupee**	Indian rupee, the lawful currency of India
Investment Adviser	Ocean Dial Advisers Pvt Limited
Investment Manager	Ocean Dial Asset Management Limited, previously called India Investment Partners Limited
Investment Management Agreement	the amended and restated investment management agreement dated 19 September 2017, between the Company and the Investment Manager, a summary of which is set out at paragraph 7.2 of Part 5 of this document
ISIN	International Securities Identification Number
Large-Cap	in relation to issuers with shares quoted on Indian stock exchanges, an issuer with a market capitalisation above US$7 billion (£5.4 billion)
LEI number	Legal entity indentifier number
Listing Rules	the listing rules made by the UKLA pursuant to Part VI of FSMA

London Stock Exchange	London Stock Exchange plc
Main Market	the main market for listed securities of the London Stock Exchange
MAR	the Market Abuse Regulation (EU No. 596/2014)
Mauritian Administration Agreement	the agreement dated 1 January 2014, between the Company (1) the Subsidiary (2) and Apex Fund Services (Mauritius) Ltd ("Apex Mauritius") (3) a summary of which is set out at paragraph 7.6 of Part 5 of this document.
Mauritian Administrator	Apex Fund Services (Mauritius) Limited, administrator to the Subsidiary
Member States	member states of the EU
Mid-cap	in relation to issuers with shares quoted on Indian stock exchanges, an issuer with a market capitalisation of between US$2 billion and US$7 billion (£1.5 billion and £5.4 billion)
Net Asset Value or **NAV**	the value of the Company's assets less its liabilities, as determined in accordance with guidelines laid down by the Board from time to time
Net Asset Value per Share or **NAV per Share**	the Net Asset Value divided by the number of Shares in issue
Official List	the official list of the UK Listing Authority
Overseas Shareholders	Shareholders who are resident in territories outside the UK, the Channel Islands and the Isle of Man
Plan Asset Regulations	the regulations promulgated by the U.S. Department of Labor at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
POI Law	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
Portfolio	the assets of the Group managed by the Investment Manager under the terms of the Investment Management Agreement
Premium Listing	a listing on the Official List which complies with the requirements of the Listing Rules for a premium listing
Prospectus Rules	the prospectus rules made by the UKLA pursuant to Part VI of FSMA
Registrar	Neville Registrars Limited
Registrar Agreement	the registrar agreement dated 11 December 2014 between the Company and the Registrar, a summary of which is set out in paragraph 7.7 of Part 5 of this document
Regulation S	Regulation S promulgated under the U.S. Securities Act
Regulatory Information Service	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
SDRT	stamp duty reserve tax
Shareholder	a holder of Shares

Shares	ordinary shares of £0.01 in the capital of the Company
SIPPs	self-invested personal pensions
Small-cap	in relation to issuers with shares quoted on Indian stock exchanges, an issuer with a market capitalisation of below US$2 billion (£1.5 billion)
SSAS	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991
Stockdale	Stockdale Securities Limited
Subscription Shares	the subscription shares created by resolution of the members of the Company at an extraordinary general meeting of the Company held on 6 August 2014 and cancelled on 31 August 2016
Subsidiary	ICG Q Limited
Takeover Code	the UK City Code on Takeovers and Mergers
Total Assets	the aggregate value of the assets of the Company less the current liabilities of the Company (and for these purposes there shall be excluded from current liabilities any proportion of principal amounts borrowed for investment)
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UK-Guernsey IGA	has the meaning given to it in Part 4 of this document
UKLA or **UK Listing Authority**	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland
United States of America, United States or **U.S.**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Code	U.S. Internal Revenue Code, as amended
U.S. Exchange Act	U.S. Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder by the SEC
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended, and the rules promulgated thereunder by the SEC
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S.$	the lawful currency of the United States of America
VAT	value added tax
£ or **Sterling**	the lawful currency of the United Kingdom

PART 7

ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS FOR EACH OF THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016, AND THE INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

PART A

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

India
Capital Growth Fund

Annual report and audited financial statements

For the year ended
31 December 2014

India Capital Growth Fund

Annual report and audited financial statements

For the year ended 31 December 2014

Contents

Management and administration

Directors

Fred Carr (Chairman)
John Whittle
Peter Niven
Vikram Kaushik

Registered Office

1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Investment Manager

Ocean Dial Asset Management Limited
Cayzer House
30 Buckingham Gate
London SW1E 6NN

Administrator and Secretary

Apex Fund Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Custodian

SBI-SG Global Securities Services Private Limited
Jeevan Seva, Annexe
Ground Floor, S.V. Road
Santa Cruz (W)
Mumbai 400 054
India

Nominated Adviser

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Registrar

To 20 March 2015:
Capita IRG (CI) Limited
Longue Hougue House
St Sampson
Guernsey GY2 4JN

From 21 March 2015:
Neville Registrars Limited
18 Laurel Lane
Halesowen
Birmingham B63 3DA

Independent Auditors

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St. Peter Port
Guernsey GY1 4AF

Chairman's statement

I am delighted to report that India's equity markets had an outstanding 2014 and the Company more than fully participated in the market's rise. The net asset value (NAV) total return of the fund rose 59.8% on an undiluted basis, whilst the share price rose 70%, resulting in the discount to net asset value narrowing to 14% at the year end. This compares to a total return for the Company's notional index (BSE Mid Cap) of 63.2%, the Manager's Composite index of 53.6%, and the MSCI India index of 28.7%. All figures are quoted in Sterling terms, whose weak performance against the Rupee (falling 3.4%) also supported the growth in value.

Whilst the portfolio marginally underperformed the BSE Mid Cap index in 2014, this should not be judged as evidence of poor performance, far from it. The index does not represent a group of investible companies as per the Manager's investment process, principally because of the varied quality, underlying poor liquidity and constantly changing nature of its constituents. As a gauge of success one should rather focus on the substantial out performance of the Company's NAV to all the major equity indices in India, as well as our immediate competition, and the broader investment trust universe across global markets and sectors. The Manager, and most particularly the advisory team on the ground in Mumbai, is to be congratulated on this outstanding effort. I should also stress that this performance is no accident. Rather it is the consequence of the Manager adopting a diligent and consistent investment process that since 2010 has taken time and patience to build, throughout a lengthy period of heightened volatility and uncertainty in Indian equities for much of that time. The success of this process relies explicitly on the quality of the in-depth research of mid cap Indian equities provided from the Mumbai based analysts and thereby demonstrates the clear value of having "a foot on the ground". I should also add that as always, a significant portion of luck is involved when things go well. In our case this has come not only from the dramatic and rapid turnaround in India's political and macro-economic fortunes, but also the extent to which the small and midcap sector valuations recovered more swiftly than the main board stocks, enabling stronger performance. Progress also relies on the ongoing support of the Company's shareholders which, over this transformational period, has been hugely supportive and for which the Board remains grateful. A strong note of caution is advisable as we look ahead however. Not only is the market likely to be already pricing in much of the positive sentiment sweeping across India currently, but the share price and its discount to the net asset value of the portfolio both start this year from a considerably higher base than 12 months prior. One swallow doth not a summer make!

Whilst the Investment Manager's report will provide the details behind the performance of the portfolio over the year and the reasons behind it, it is likely that 2014 will be regarded as a major turning point in the fortunes of India's equity markets. Since late 2013 foreign investors increased their exposure to the country swiftly after the appointment of Dr Raghuram Rajan as Governor of the Reserve Bank of India. The positive sentiment was significantly compounded by the surprising landslide victory for the BJP in India's national elections in May 2014, handing the newly elected Prime Minister Narendra Modi full control of the legislative assembly, the Lok Sabha. This is the first time since 1984 that the ruling party has won a majority in parliament, thereby greatly increasing the potential for meaningful economic reform. The utter routing of the Congress Party, which won just 44 seats, highlighted the Indian electorate's desire for a meaningful change. Modi brings precisely that; instantly injecting energy, transparency, efficiency and confidence into a battered economy. Thus it would appear that India is moving into a period of macro-economic and political stability which in turn should translate into higher levels of economic growth and increased corporate profitability.

At the time of writing following 10 months in office, the Government (whose popularity levels remain intact) has shown ample evidence of its desire to improve the country's prospects. This has been focused on increasing the level of economic output, reducing corruption, strengthening the country's fiscal position, as well as working hard to encourage foreign investors to view India as a credible investment destination. Thus substantial progress has already been made in dismantling the subsidy structure in petroleum products, intermediation of banking products to the masses, greater transparency and improved processes for approval of infrastructure projects, land acquisition reform and the opening up of key sectors such as insurance and defence to foreign participation. In addition the Government has been handed the dream scenario of collapsing global oil prices on a scale far exceeding all expectations. Crucially this has paved the way for a commencement of an interest rate easing cycle, as well as enabling Modi to use the lower oil price situation to improve the country's fiscal position through the dismantling of the subsidy system. A period of oil "lower for longer" would be a tremendous opportunity to support his efforts to raise GDP growth to a sustainably higher level.

Amidst all the euphoria, 2015 will doubtless provide many challenges for investors on a domestic Indian and an international level. The US Federal Reserve is likely to commence a monetary tightening cycle, to which Emerging economies are vulnerable, particularly those such as India, who remains dependent on foreign funds to meet their investment shortfalls. This, and ongoing political and economic turbulence in Europe, are unlikely to pass by without increased volatility across all markets. On the domestic front, in spite of the confluence of positive political and macro-economic factors, the domestic earnings recovery is currently lacklustre at best, and is not expected to materialise until the second half of the year. There is a risk that investors' patience could be severely tested if the earnings recovery falls short, given that market valuations and expectations are already on the higher side. Thus, I expect the Manager to continue to take a cautious approach, focusing on investing in companies with proven track records of delivering strong returns to shareholders and with management teams of the highest quality, at valuation levels that provide an ample margin of safety.

As from July 2014 the Company was registered with the Financial Conduct Authority (FCA) as a non EU Alternative Investment Fund ("AIF") and at the same time formally appointed Ocean Dial Asset Management Ltd (the "Manager") to be its UK appointed Alternative Investment Fund Manager ("AIFM"). The Manager is authorised as a small AIFM and will remain so until its risk adjusted assets under management reach €500m and importantly, provided the funds it manages remain unleveraged. Although somewhat lighter in touch than full regulation, the new regulation does provide an increased administrative and cost burden but with no obvious additional benefits to underlying investors.

Also of note to shareholders is that August 2015 could be the first opportunity the Company has to increase its share capital by 50%, through the exercise of the subscription shares (at a cost price of 61 pence per share) which were issued pre-emptively to shareholders 12 months earlier. Although the official exercise period does not commence until August 2016, subject to certain conditions being met prematurely, (the details of which can be found in the admission document issued prior to the admission of the subscription shares to trading on AIM), the Board may decide to call for an earlier exercise of the subscription shares prior to their official expiry, in order to increase the size of the Company's assets at an opportune time to further invest into Indian equities. In accordance with the requirements of the issuance of subscriptions shares, the Board will keep shareholders fully informed of all eventualities as and when they occur.

Looking forward to the next 12 months, the outlook for the Company remains constructive as it endeavours to take further advantage of the opportunities that arise in India. These are likely to arise from lower interest rates, a renewed investment cycle, and a continued recovery in foreign sentiment. As always, the journey will not be straight or smooth but I look forward to reporting back to you at the half year on further progress achieved.

Fred Carr | Chairman
18 March 2015

Investment Manager's report

2014 was a positive year for India on several fronts. Both the political and macroeconomic environment showed a marked improvement and this was reflected in the strong performance of the equity markets.

The game changing event of the year was the National Election in May. The Congress led administration, hampered by extensive coalition infighting, had presided over slowing growth, high inflation, corruption scandals, fiscal largesse and outward hostility towards foreign investors. In contrast, the opposition BJP with its charismatic leader Narendra Modi, ran a powerful campaign promising open and accountable governance to facilitate job creation and promote economic prosperity. The result was emphatic. For the first time in 30 years, and against best expectations, a single political party won a clear majority from Indian voters for a five year term. Thus the BJP won 283 seats out of 542, and with pre-election partners in support, the National Democratic Alliance (NDA) won a total of 336 seats. Equally telling was the drubbing received by the Congress party which managed a wretched 44 seats down from 206.

The size of the mandate delivered made it clear what the electorate expected from Modi. It was under his 12 year leadership as Chief Minister of Gujarat that the state achieved growth comfortably above the national average. This was done by fostering a cleaner, business friendly environment focused on infrastructure development and the promotion of inward investment from the rest of India as well as overseas. The issue was whether his achievements could be replicated at a national level and the new Government has started its term at a frenetic pace to do so. It is clear that the sheer size of India, coupled with the number of vested interests at all levels of society, makes top down big bang reform from the centre an unwise course of action. Instead the Government has focused its efforts on taking manageable steps to change the way the country operates. The first Budget, delivered 49 days after the election, stressed a commitment to bringing down the fiscal deficit and creating a more welcoming environment for foreign investors. The previous Government's optimistic fiscal deficit target of 4.1% of GDP was retained and a long term target of 3% by FY17 was put in place. Alongside various incentives to encourage infrastructure investment, the Cabinet also raised the FDI limits on insurance and defence from 26% to 49%. Furthermore, the collapse in the oil price was used to dismantle scale subsidies for diesel and petrol in order to help repair the nation's balance sheet.

Despite this positive change of direction, challenges remain on the political front. The BJP is a minority in the Upper House of Parliament where the opposition has been able to frustrate the legislative process. Notably, the Government has had to issue executive ordinances as a short term measure to bypass Parliament in order to impose changes to land acquisition and mining laws as well as to the aforementioned FDI limit in the insurance sector. While this is a strong signal of intent from the Government, it will have to continue to work hard and compromise in order to pass legislation. What is encouraging is the change that is taking place regionally. State spending is 40% higher than at the centre and a tangible transformation is happening at this level. In Rajasthan for example amendments to national labour laws were passed making it easier for corporates to hire and fire staff to encourage job creation. In Madhya Pradesh there is a target to increase land under irrigation by 45% over the next four years and to improve intra state connectivity by building 1,000km of new state highways. Orissa is planning 5,000km of additional roads whilst Haryana is planning labour law amendments similar to Rajasthan. Local governments are becoming more responsive to their electorate by competing for growth and investment. Their contribution to effecting advancement should not be under estimated.

The arrival of the new Government has coincided with an improvement to key macroeconomic indicators. The outgoing Congress administration was forced into initiating last ditch reforms towards the end of its term in order to ward off a sovereign credit rating downgrade. Government expenditure was cut to address the fiscal deficit and gold imports were effectively banned to help control the current account deficit. Furthermore, the Governor of the Reserve Bank of India ("RBI"), Dr Raghuram Rajan set out measures to help boost FX reserves and fight inflation. Indeed, the RBI surprised the market in January by hiking interest rates by 25 bps when CPI inflation was at 9.9%. These measures helped stabilise the currency which had been a cause for concern during the tapering of the Federal Reserve's quantitative easing programme, and as a consequence the Rupee comfortably outperformed its immediate peer group over the year.

In a bid to control the long standing issue of high inflation, for the first time in the RBI's history Dr Rajan introduced the concept of inflation targeting by articulating a strategy of reducing CPI growth to 8% by January 2015 and 6% by January 2016. The longer term slowdown in growth, five years of monetary tightening, lacklustre demand and a slowdown in investments saw CPI inflation fall below its expected trajectory, standing at 4.4% at the end of the year, whilst WPI inflation collapsed to 0.1%. In January 2015, the RBI articulated in an intra-meeting decision that it was sufficiently assuaged by the Government's efforts to maintain fiscal discipline to change the direction of monetary policy and initiate an easing cycle. That meeting saw interest rates being cut by 25bp and we foresee a 50-75bps reduction over the course of 2015. A high cost of capital has been a significant hindrance to growth in the investment side of the economy; lower rates will help the deleveraging process as well as ease pressure on stressed assets in the banking sector. Furthermore, banks were in the process of cutting deposit rates at the end of the year and lending rates should follow, encouraging a recovery in hitherto muted credit growth. Lower rates alongside structural reform should help underpin the economic recovery.

From a global perspective, India has been a beneficiary of the fall in commodity prices that occurred during the year. This is especially true in the case of oil which was both a large component of India's current account deficit and its subsidy bill. The Government has used the collapse in Brent Crude to end its politically sensitive intervention which had cost it US$10bn in FY14. Moreover, the lower oil price has been used to increase fuel duties, further aiding the Government in tax revenues. We believe this has given the Finance Ministry leeway in the February 2015 budget to increase state spending on infrastructure projects in order to initiate a recovery in the investment cycle.

Whilst the story has turned positive for India, the market performance for 2014 was largely driven by overseas flows - FIIs invested US$40bn over the year (US$15bn into equities and US$25bn into debt). Key risks emanate from a reversal of global fund flows away from the emerging world if the US Dollar continues to strengthen in step with stronger economic data; or indeed if global risk aversion "spikes" causing a flight to quality. On the domestic front, risks are concentrated on the extent and timing of the recovery in corporate earnings and the market's patience in this regard, plus any perceived shortfall by the Government on its promise of meaningful reform. "Key man risk" stalks the market, as the Indian economic recovery currently built into the investors' expectations is unthinkable without Modi at the helm.

Last year's report highlighted that "the political environment will be the single biggest driver for the market going into 2014". Returns this year reflected that as it became clear that the new Government is reforming the way that India operates as a country and that this is being supplemented by a robust monetary agenda from the RBI under the helm of Dr Rajan. Whilst these changes will take time to translate into corporate earnings and that equity returns are unlikely to mirror the recent run, we are confident that the right foundations are being laid for an extended period of healthy returns for patient investors.

Portfolio construction and performance

2014 saw the portfolio deliver GBP returns of 59.8% underperforming the S&P BSE Mid Cap index, the notional benchmark, which delivered a total return of 63.2%. In local currency terms the portfolio grew by 54.6% as the Rupee appreciated by 3.4% over the year against Sterling.

The positive performance was driven by a broad base (seven investments delivered returns in excess of 100%). The main contributors were Motherson Sumi Systems ("MSS") up 152.4% (4.2% weight) and Eicher Motors up 204.6% (3.4% weight). MSS is one of the world's largest manufacturers of rear-view mirrors and polymer components for passenger cars. Eicher Motors, a JV between Eicher and Volvo, is India's third largest commercial vehicle manufacturer. It also owns the Royal Enfield brand which sells the iconic "Bullet" motorcycle.

The top negative contributors were Aban Offshore down 30.7% and Idea Cellular down 21.8%. Aban is an oil rig supplier to offshore exploration and production companies and its share price was negatively impacted as a result of the sharp collapse in the value of oil coupled with concerns with capex being lowered amongst its customer base. The Manager continues to assess the potential impact of these concerns on return on invested capital going forwards. Idea Cellular is India's fourth largest mobile phone operator in number of subscribers and third largest in terms of revenue market share. The stock corrected on the back of concerns of cashflows being hit by aggressive bidding for upcoming telephone licences for spectrum. The Manager exited the position on valuation grounds with the stock having generated 61% returns over two years since investment.

The Manager continued to meet corporate executives throughout the year, with a focus on sectors linked to an improved policy environment and a revival in the investment cycle. This included infrastructure, capital goods, industrials and financial services. Whilst ensuring a rigid adherence to the investment philosophy, the election result coupled with proactive reform from the new Government, led the manager to tilt the portfolio towards companies which would benefit from an investment led recovery.

The majority of the direct beneficiaries of a cyclical upturn, especially in the infrastructure space, do not meet our quality criteria in terms of management integrity and balance sheet strength. With the exception of Gujarat Pipavav Port (an AP Moller-Maersk group commercial port project), the Manager sought exposure through indirect beneficiaries of the story. For instance, positions over the year have been built in Exide Industries (India's largest automotive and industrial battery manufacturer), Finolex Cables (India's largest electrical and telecom cable company), and The Ramco Cements (India's fifth largest cement company and most efficient in terms of cost of production with a focus on South India).

Despite the calibrated repositioning that took place over the year, portfolio turnover was 26.8%. The Manager continues to seek and retain exposure to companies with consistent and stable earnings that can compound over the long term. As such, the investment process of identifying well managed, free cashflow generating businesses with exceptional corporate governance will not be deviated from, regardless of the macroeconomic environment.

Top 10 holdings of ICG Q Limited as at 31 December 2014

Federal Bank

(5.5% of the portfolio)

Federal Bank is an old private sector bank with a network of over 1,000 branches and a dominant presence in the southern Indian state of Kerala. The Bank's lending is dominated by the SME and retail segments (30% each of the loan book). We continue to believe that the Bank is a potential re-rating story, on the back of improving profitability and growth, aided by a healthy capital position. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 11.1x and 1.5x projected FY16 book value.

Motherson Sumi Systems

(4.7% of the portfolio)

Motherson Sumi Systems (MSS), a Joint Venture with Sumitomo Wiring Systems, Japan, is one of the largest manufacturers of rear-view mirrors and polymer components for passenger cars in the world. MSS expanded its global presence through its acquisition of Visiocorp (2009) and Peguform (2011), becoming a Tier-I supplier of automotive components to major global Original Equipent Manufacturers ("OEM"). The company has been able to turn around both the subsidiaries and with rising margins, earnings growth is outpacing revenue growth. Based on the closing price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 24.3x.

Dewan Housing Finance

(4.1% of the portfolio)

Dewan Housing (DHFL) is the third largest private sector Housing Finance Company in India, concentrating on the low to middle income segment by providing finance to low cost houses. In 2010, DHFL complemented its existing business by acquiring First Blue Home Finance, a company strong in the Northern region and which concentrates on the mass affluent segment. DHFL accounts for 4.1% of the portfolio as we are extremely positive on the long term prospects of housing finance in India. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 6.8x and 1.1x projected FY16 book value.

Jyothy Laboratories

(4.1% of the portfolio)

Jyothy manufactures fabric care, mosquito repellents and dish washing soaps categories under the Ujala, Maxo and Exo brands respectively. It further enhanced its product basket with the acquisition of Henkel India in June 2011, acquiring brands in the detergents, toothpaste, soaps, dish washing and deodorants sectors. Since the acquisition, Jyothy has been able to successfully integrate the operations of Henkel and with a strong brand portfolio and management team in place, we see a period of sustained above market growth along with operating leverage driving earnings. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 26.1x.

Tech Mahindra

(4.1% of the portfolio)

Tech Mahindra is a leading IT offshoring company with FY14 revenues of US$3.1bn and over 89,000 employees. It was set up as a Joint Venture between Mahindra & Mahindra and BT, with a focus on the telecom sector. Other than telecoms, the integrated entity has a sizeable IT services presence in banking, manufacturing verticals and enterprise applications. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 15.2x.

Yes Bank

(3.8% of the portfolio)

Yes Bank is a new-generation private-sector bank, run by a highly competent top management team that has established a high quality, customer centric, service driven bank; now the fourth largest private sector bank in India. It has consistently delivered high shareholder returns over the last five years with RoE greater than 20% and RoA in the range of 1.3% to 1.5%. We see this trend continuing as it builds its retail franchise, whilst maintaining best-in-class asset quality through better asset acquisitions. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 13.9x and 2.4x projected FY16 book value.

PI Industries

(3.6% of the portfolio)

PI Industries is a leading agri input and custom synthesis and manufacturing company, offering support in process research and contract manufacturing through its highly accredited R&D, laboratory and manufacturing setup. PI has exclusive rights with several global companies for distribution in India and is constantly on the lookout to expand its operations/tie-ups. On account of its R&D driven approach, PI has become a preferred partner for companies for custom synthesis coupled with a non-compete and IP driven business model. It has a strong order book of US$520m which ensures long term revenue visibility in the custom synthesis segment. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 24.4x.

Emami

(3.4% of the portfolio)

Emami is a leading Fast Moving Consumer Goods ("FMCG") player in India, operating in segments such as skincare and hair oil. The company has been operating in health, beauty and personal care products for the past 30 years and has sustained a prominent position in therapeutic and Ayurvedic based products, ensuring strong entry barriers for competitors. Emami has innovated and built popular and recognisable brands that have helped develop a strong customer loyalty leading to high gross margins, high barriers to entry, strong brand equity, mass acceptance and superior growth opportunities. Emami's management has demonstrated a good track record in building brands as well as sustaining above market growth and profitability, a trend we see continuing into the future. Based on the closing market price on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 33.8x.

Eicher Motors

(3.4% of the portfolio)

Eicher Motors is the flagship company of the Eicher Group in India and a leading player in the Indian automobile industry. Its joint venture with the Volvo group, VE Commercial Vehicles Limited, designs, manufactures and markets reliable, fuel-efficient commercial vehicles of high quality and modern technology, engineering components and provides engineering design solutions. Eicher Motors manufactures and markets the iconic Royal Enfield motorcycles. Based on the closing market price on 31 December 2014, the stock trades at a price to projected CY15 earnings ratio of 39.6x.

Exide Industries

(3.3% of the portfolio)

Exide is the largest storage battery manufacturer in India. The company derives ~64% of its revenues from the automotive sector (OEM share at 20% of total revenue) and ~36% from the industrial sector. It has a 70% market share in automotive OEMs and 50%+ market share in the auto replacement market. Exide's revenue growth has weakened over the last two years on account of the slowing economy as well as competition in the auto replacement business. With an improving economy, we expect both OEMs and industrial demand to increase; as a market leader with a strong brand, Exide is likely to be the main beneficiary. Based on the closing market price (adjusted for life insurance value) on 31 December 2014, the stock trades at a price to projected FY16 earnings ratio of 17.8x.

Ocean Dial Asset Management

March 2015

Directors

The Directors as at 31 December 2014, all of whom are non-executive, are as follows:

Fred Carr (Chairman)

Aged 69, Fred was appointed to the Board as Chairman on 17 September 2009. He spent his career in stockbroking and investment management, ultimately (1993 - 2004) as Chief Executive of Carr Sheppards Crosthwaite. He is Chairman of M&G High Income Investment Trust Plc. He is also a Fellow of the Chartered Institute of Securities and Investment, and is resident in the UK.

Vikram Kaushik

Aged 64, Vikram was appointed to the Board on 14 June 2012. He is a resident of India where he has worked throughout his career. He initially spent more than 16 years working for Unilever before being appointed Managing Director of Enterprise Advertising Agency and then Vice President of Britannia Industries. In 1999 he was appointed a Director of Colgate Palmolive and then in 2004 he was appointed Managing Director & CEO of Tata Sky. Mr. Kaushik retired from Tata Sky and now consults with PricewaterhouseCoopers and is advisor to Voltas, a Tata Group company. He is also a Director of MTS and an independent Director on the Board of Vaibhav Global Limited. He has served on the Government Committee for Restructuring Public Service Broadcasting in India and on the Sectoral Committee for Innovation in Media set up by the Prime Minister's Office in India.

Peter Niven

Aged 60, Peter was appointed to the Board on 11 August 2011. He has over 35 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 non-executive director of several Guernsey based and listed companies in the financial services field. He is a Fellow of the Chartered Institute of Bankers and a Chartered Director. He is a resident of Guernsey.

John Whittle

Aged 59, John was appointed to the Board on 17 November 2011. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. He is a non-executive director of several Guernsey based and listed companies in the financial services field. 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 a resident of Guernsey.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

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

	COMPANY NAME	STOCK EXCHANGE
Fred Carr		
	M&G High Income Investment Trust Plc	London
Vikram Kaushik		
	Vaibhav Global Limited	India
Peter Niven		
	F&C Commercial Property Trust Limited	London
	Guernsey Portfolios PCC Limited	CISE
	SQM Asset Finance Income Fund Limited	London
John Whittle		
	Advance Frontier Markets Fund Limited	AIM
	Globalworth Real Estate Investments Limited	AIM
	The Solar Park Fund (GBP) IC Limited	CISE
	Starwood European Real Estate Finance Limited	London
	International Public Partnerships Ltd	London

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2014.

The Company

India Capital Growth Fund Limited (the "Company") was registered in Guernsey on 11 November 2005 and is an authorised closed-ended investment company. At 31 December 2014, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited. The Company's Ordinary Shares and Subscription Shares were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 22 December 2005 and 12 August 2014 respectively.

Investment policy

The Company's investment objective is to provide long-term capital appreciation by investing (indirectly) 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 declared policy not to hedge the exposure to the Indian Rupee.

Presentation of financial assets

As further explained in the accounting policies in Note 1 on page 32, the Company was required to, and has adopted the Investment Entity amendments to IFRS 10 et al ('IE amendment') for the first time in these financial statements. The IE amendment was issued by the IASB (and subsequently endorsed by the EU) for implementation for accounting periods commencing on or after 1 January 2014. The IE amendment requires the Company to record its investment in ICG Q Limited, its wholly-owned subsidiary, at fair value through profit or loss, whereas in previous years the Company prepared consolidated accounts which included the Company and ICG Q Limited (together known as the 'Group').

In anticipation of this change in accounting policy, the Company's investment in ICG Q Limited was recorded as an investment at fair value through profit or loss in the unaudited condensed interim financial statements for the period ended 30 June 2014.

As the IE amendment forces a change to the Company's accounting policy in respect of ICG Q Limited, it is required to be, and has been, applied retrospectively, with consequent restatement of prior period comparatives within these financial statements. The key changes in presentation which result, as also described in Note 1 on page 28, are that the sundry debtors, creditors and cash position of ICG Q Limited, which were included in those respective captions on the Consolidated Statement of Financial Position in previous periods, are now effectively represented within the valuation of the Company's investment in ICG Q Limited which is shown as a single item in the Statement of Financial Position on page 30 as 'Financial assets designated at fair value through profit or loss'. The presentation of the performance of the Group has also changed, such that dividend income and expenses relating to ICG Q Limited which were previously shown in the Consolidated Statement of Comprehensive Income are now effectively reflected in the movement of the unrealised gain or loss on the investment in ICG Q Limited in the Statement of Comprehensive Income on page 28 as 'Net gain/(loss) on financial asset at fair value through profit or loss'.

Other impacts on presentation include an adjustment to how the Group's investment portfolio is reflected in the fair value hierarchy shown in Note 11. Under the previous consolidated basis, the listed investments of ICG Q Limited, which were included in the Consolidated Statement of Financial Position, were identified as level 1 investments. Under the current presentation basis, the Company's investment in ICG Q Limited on the Statement of Financial Position, is reflected as level 2 (as it is in itself an unlisted investment whose value is predominantly determined using the traded prices of the investment portfolio of ICG Q Limited).

There has been no net impact on reported performance or net asset value (as represented by 'Total equity' on the Statement of Financial Position) as a result of these changes, and the Group structure has not changed during the year ended 31 December 2014.

Results and dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 5.

The results for the year are set out in the audited statement of comprehensive income on page 28.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2014 (31 December 2013: £Nil).

Substantial interests

Shareholders who at 31 December 2014 held an interest of 3% or more of the Ordinary Share Capital of the Company are stated in the table below:

	NO. SHARES	% HOLDING
BBHISL Nominees Limited 128140 Acct	9,087,297	12.18
BBHISL Nominees Limited 129845 Acct	7,474,900	10.02
Nortrust Nominees Limited GsyA Acct	7,309,208	9.80
Rathbone Nominees Limited	4,479,477	6.00
BNY (OCS) Nominees Limited 178055 Acct	4,250,000	5.70
State Street Nominees Limited 6810 Acct	3,914,091	5.25
Chase Nominees Limited	3,632,280	4.87
BNY Mellon Nominees Limited BSDIBRD	3,041,532	4.08

At 31 December 2014, the Investment Manager, Ocean Dial Asset Management Limited and connected persons (not elsewhere disclosed) held in aggregate 622,581 Ordinary Shares (0.83%) in the Company.

Directors

The names of the Directors of the Company, each of whom served throughout the year and to date, are set out on pages 1 and 9. Mr Jamie Cayzer-Colvin resigned as a director on 29 May 2014.

Directors' interests

At 31 December 2014, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary Shares
Fred Carr	130,000
Peter Niven	25,000
John Whittle	20,000

Auditors

The Auditors, Ernst & Young LLP, have 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 of the Company and its subsidiary for the year ended 31 December 2014 was 2.26%. (excluding exceptional costs) (31 December 2013: 2.75%).

Corporate governance

The AIC Code of Corporate Governance (the "AIC Code") was updated in February 2013 following the revised corporate governance code issued by the UK Financial Reporting Council in September 2012. It is designed to provide Boards of its member investment companies with a framework of best practice in respect of the governance of investment companies. The Company's shares are quoted on AIM, and as such the Company is not formally required to comply with the UK Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained. Accordingly the Board considers that it should seek to voluntarily comply with UK code reporting against the AIC code.

The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC"). Companies reporting against the UK Corporate Governance Code or the AIC Code are deemed to comply with the GFSC Code.

Corporate governance principles

The Board considers that it has complied with the AIC Code during the year ended 31 December 2014 subject to the exceptions explained below:

Re-election

There is no provision in the Company's Articles of Incorporation which requires Directors to seek re-election on a periodic basis, and only Directors appointed to fill a casual vacancy seek re-election at the AGM immediately following their appointment. There is no limit on length of service, nor is there any upper age restriction on Directors.

The Board considers that there is significant benefit to the Company arising from continuity and experience among Directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does however believe that shareholders should be given the opportunity to review membership of the Board on a regular basis. The Board has thus resolved that, in addition to the Articles requirement for re-election at the AGM immediately following appointment, any Director who has served for more than nine years should offer him or herself for re-election annually, and that one third of the remaining Directors should retire by rotation at each AGM and be eligible to seek re-election.

Chairman, Senior Independent Director and Chief Executive

The Chairman of the Board is Fred Carr. 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 Mr Carr 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.

Board meetings, Committee meetings and Directors' attendance

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

	Board Meetings		Audit Committee	
	Held	Attended	Held	Attended
Fred Carr (Chairman)	6	6	–	–
Jamie Cayzer-Colvin (resigned on 29 May 2014)	2	1	–	–
Vikram Kaushik	6	6	–	–
Peter Niven	6	5	2	2
John Whittle	6	6	2	1

Performance evaluation

On an annual basis the Board formally considers 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. 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 2014 review was that the skill sets of the members of the Board were complementary, and that the Board functioned effectively.

Nomination committee

The size and independence of the Board is such that it fulfils the role of the Nomination Committee. Any proposal for a new director is discussed and approved by the Board. The Board will determine whether in future an external search consultancy or open advertising is used in the appointment of non-executive directors.

Remuneration committee

As all the Directors are non-executive, the Board has resolved that it is not appropriate to form a remuneration committee and remuneration is reviewed annually and discussed by the Board as a whole with independent input.

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 listed on page 19. 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 full Board. Full details of its functions and activities are set out in the Report of the Audit Committee on pages 19 to 21.

Risk Management and Internal control

The Board is responsible for establishing and maintaining the Company's system of internal control 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.

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, 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 SBI-SG Global Securities Services Pvt Limited.

The Board has instituted a formal annual review of the performance of all material external service providers and of the related contractual terms.

Investment management

The Investment Manager is entitled to receive a management fee payable jointly by the Company and the Mauritian subsidiary, ICG Q Limited, equivalent to 1.5% per annum of the Company's Total Assets, calculated and payable monthly in arrears. The Company's Total Assets consists of the aggregate value of the Company less current liabilities. For purposes of the calculation of these fees current liabilities exclude any proportion of principal amounts borrowed for investment.

No separate Management Engagement Committee has been constituted as the monitoring of management is considered a primary function of the Board. 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.

The Investment Management Agreement continues in force until determined by the Investment Manager or the Company giving not less than 12 months' notice to the other party.

From time to time the extent of powers delegated to the Investment Manager and matters upon which decision making is reserved to the Board. 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 a semi-annual basis 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 ICG Q Limited's, the Company's wholly-owned subsidiary, holdings in Indian listed companies.

Alternative Investment Fund Managers Directive ("AIFMD")

Ocean Dial Asset Management Limited is authorised by the Financial Conduct Authority as a small authorised UK Alternative Investment Fund Manager for the Company.

Foreign Account Tax Compliance Act ("FATCA") and Inter-Governmental Agreements ("IGA")

The US FATCA legislation is aimed at determining the US ownership of assets in foreign accounts and thereby improving US tax compliance with respect to those assets. The States of Guernsey has entered into an IGA with the US Treasury in order to facilitate the requirements under FATCA and released draft guidance notes on 31 January 2014 with regard to the implementation of the IGA. The Company registered for US FATCA on 26 September 2014 and thereafter obtained its GIIN of 3RJCIS.99999.SL.831.

In addition, the States of Guernsey signed an IGA with the UK on 22 October 2013, under which mandatory disclosure requirements will be required in respect of Shareholders who have a UK connection.

Shareholder communications

A report on Shareholder communications is considered at each quarterly Board Meeting. A monthly Fact Sheet is published on the Company's website reporting the month-end Net Asset Value and with a commentary on performance. In addition, the Investment Manager reports a weekly estimated, unaudited 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 Company has the power to buy-back shares in the market, the renewal of which power is sought from shareholders on an annual basis, and the Board considers on a regular basis the exercise of those powers. The Board did not consider it appropriate to exercise such powers in 2014.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements since the assets of the Company's wholly-owned subsidiary consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Approved by the Board of Directors and signed on behalf of the Board on 18 March 2015.

Peter Niven

John Whittle

Statement of Directors' Responsibility in respect of the Annual Audited Financial Statements

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 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 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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. 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.

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 Accounts, 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:

Peter Niven

John Whittle

18 March 2015

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

Since all Directors are non-executive, the Company has not established a Remuneration Committee.

The Company's Articles of Incorporation provide 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 twelve month period, or pro rata for any lesser period shall not exceed £100,000 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. 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 his 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

For the year ended 31 December 2014 and 31 December 2013, the Directors' fees were as follows:

	2014 £	2013 £
Fred Carr (Chairman)	25,000	25,000
Jamie Cayzer-Colvin (resigned on 29 May 2014)	8,000	16,000
Vikram Kaushik	18,000	18,000
Peter Niven	19,000	19,000
John Whittle	16,000	16,000

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.

Signed on behalf of the Board by:

Peter Niven

John Whittle

18 March 2015

Report of the Audit Committee

Introduction

On the following pages, we present the Audit Committee (the "Committee") Report for 2014. 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 service providers.

Structure and Composition

The Committee is chaired by Peter Niven and the other member is 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 relevant financial experience.

The Audit 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 table on page 13 sets out the number of Audit Committee meetings held during the year ended 31 December 2014 and the number of such meetings attended by each committee member and other members of the Board. 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 Manager being present if either considers this to be necessary.

Principal Duties of the Committee

The role of the Committee includes:

- monitoring the intergrity 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; and
- 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;
- assessing whether the annual report and accounts taken as a whole, is fair, balanced and understandable.

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

Ernst & Young LLP has been the independent auditor from the date of the initial listing on the AIM Market of the London Stock Exchange. Christopher James Matthews is the team leader and opinion signatory. At the Company's Annual General Meeting on 19 June 2014, Ernst & Young LLP was re-appointed.

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 ten 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, which is yet to be finalised. The Committee will follow the developments around the FRC, EU and Competition Commission guidance on tendering at the appropriate time.

The independence and objectivity of the independent auditor is reviewed by the Audit Committee which also reviews the terms under which the independent auditor is appointed to perform non-audit services. The outsourcing of any non-audit service to the independent auditors 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 auditors 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 that the fees paid by the Company listed on page 20 are currently below the specified threshold, the Company can be deemed to not be in breach of independence and objectivity.

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 ICG Q Limited's holdings and the Company's ability to effect a diposal of any investment in ICG Q Limited's portfolio at the prevalilng market price and the distribution of proceeds back to the Company should it so wish, it was determined that no illiquidity discount would be applied in determining the fair value of the Company's investment in ICG Q Limited.

The foregoing matters was discussed during the planning and final stage of the audit and there were no significant disagreements between the management and the independent auditor.

Effectiveness of the External Audit Process

The Committee had formal meetings with Ernst & Young 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 Ernst & Young LLP:

- Reviewed the audit plan presented to the Committee before the start of the audit.
- Reviewed the post audit report.
- Reviewed the auditors' own internal procedures to identify threats to independence, which included obtaining confirmation from Ernst & Young LLP of their independence.
- Discussed with both the Manager and the Administrator for any feedback on the external audit process.
- Reviewed 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 Ernst & Young LLP:

	2014 £	2013 £
Annual Audit	22,500	18,000
Other Assurance Based Procedures	3,000	2,500
Agreed upon procedures in respect of interim financial statements	3,000	2,500

Internal Control

The Audit Committee has examined the need for an internal audit function. The Audit Committee considered that the systems and procedures employed by the 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 Audit Committee examined externally prepared assessments of the control environment in place at the Manager and the Administrator with the latter providing a SOC1 report.

Conclusion and Recommendation

After consultations with Ernst & Young LLP as necessary and reviewing various reports from the Manager such as the quarterly performance reports and portfolio attribution and portfolio turnover reporting and assessing the significant financial statement issues listed on page 20, the Audit 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, Ernst & Young 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 Ernst & Young LLP be reappointed for the coming financial year.

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

Peter Niven
Audit Committee Chairman
18 March 2015

Independent auditors' report

Independent auditor's report to the members of India Capital Growth Fund Limited

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ('EU'); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008

What we have audited

We have audited the financial statements of India Capital Growth Fund Limited (the "Company") for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the EU.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibility set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks that we believed would have the greatest effect on the overall audit strategy; the allocation of resources and directing the efforts of the engagement team:

- Valuation of the Company's investment in its wholly-owned subsidiary, accounted for at fair value through profit or loss, because it involved judgement and estimation; and
- Measurement of fees payable to the Investment Manager, because of their related-party nature and the fact they are borne by both the Company and its Subsidiary based on respective net assets.

Our application of materiality

We determined materiality for the Company to be £557,000 (2013: £350,000), which is approximately 1% of equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We used equity as a basis for determining planning materiality because the Company's primary performance measures for internal and external reporting are based on net asset value.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £418,000 (2013: 260,000). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £28,000 (2013: £17,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

An overview of the scope of our audit

We adopted a risk-based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas, such as management judgments and estimates.

The audit was led from Guernsey and utilised audit work performed by Ernst & Young in Mauritius in respect of the investment portfolio held by the Company's subsidiary. This work was performed under the guidance of, and reviewed by, the Guernsey audit team. We instructed Ernst & Young Mauritius to perform a full scope audit of the Company's subsidiary because the Company's investment in it represents substantially all of the Company's net assets. The subsidiary audit was performed using a consistent materiality to that of the Company, and Ernst & Young Mauritius also perform an audit of the financial statements of the subsidiary, which are coterminous with those of the Company. We performed audit procedures and responded to the risks identified as described below;

i) We addressed the risk of incorrect valuation of the Company's investments as set out below:

- We confirmed our understanding of the Company's processes, methodologies and policies for valuing the investment held by the Company;
- We agreed the carrying value of the Company's investment in its subsidiary to the net asset value of the subsidiary as stated in its audited financial statements;
- We formed an independent view as to whether the fair value of the Company's investment in the subsidiary is equivalent to the net asset value of the subsidiary and challenged management's assumptions in reaching this conclusion;
- We agreed year end carrying amounts for all investments held by the subsidiary to exchange traded prices;
- We agreed all holdings of investments held by the subsidiary to an independent custodian confirmation;
- We confirmed the cash balance held at year end by the subsidiary directly with the bank; and
- We reviewed the composition of the net asset value of the subsidiary at year end to satisfy ourselves that, other than its listed investments and cash balance, there were no other significant balances comprising its net asset value.

ii) We addressed the risk of inaccurate measurement of fees payable to the Investment Manager by re-calculating management fees payable by reference to the terms of the Investment Management Agreement, and recalculated the allocation between the Company and its subsidiary based on their respective net asset values.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

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

Ernst & Young LLP
Guernsey, Channel Islands
Date: 18 March 2015

The maintenance and integrity of the India Capital Growth Fund Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal investments

As at 31 December 2014

Please note that these investments are held by the Company's wholly-owned subsidiary, ICG Q Limited, and not directly by the Company.

HOLDING	TYPE	SECTOR	VALUE £000's	% OF NAV OF ICGF
Federal Bank	Mid Cap	Financials	3,093	5.55
Motherson Sumi Systems	Large Cap	Consumer discretionary	2,646	4.75
Dewan Housing Finance Corporation	Small Cap	Financials	2,286	4.10
Jyothy Laboratories	Small Cap	Consumer staples	2,268	4.07
Tech Mahindra	Large Cap	IT	2,263	4.06
Yes Bank	Large Cap	Financials	2,115	3.79
PI Industries	Small Cap	Materials	2,009	3.60
Emami	Mid Cap	Consumer staples	1,916	3.44
Eicher Motors	Large Cap	Industrials	1,915	3.43
Exide	Mid Cap	Industrials	1,865	3.34
Total top 10 equity investments			**22,376**	**40.13**
Other Small Cap	(10 companies)		10,508	18.84
Other Mid Cap	(10 companies)		15,143	27.15
Other Large Cap	(4 companies)		5,351	9.59
Total equity investments			**53,378**	**95.71**
Cash less other net current liabilities of ICG Q Limited			2,398	4.44
Total net assets of ICG Q Limited			**55,776**	**100.15**
Cash less other net current liabilities of the Company			(83)	(0.15)
Total Net Assets			**55,693**	**100.00**

Note:

Large Cap - companies with a market capitalisation above INR250bn (£2.6bn)	24.22%
Mid Cap - companies with a market capitalisation between INR60bn and INR250bn (£630m - £2.6bn)	52.65%
Small Cap - companies with a market capitalisation below INR60bn (£630m)	18.84%
	95.71%

Portfolio statement

As at 31 December 2014

Please note that these investments are held by the Company's wholly-owned subsidiary, ICG Q Limited, and not directly by the Company.

HOLDING	NOMINAL	VALUE £000's	% OF NAV OF ICGF
Listed Securities			
Consumer discretionary			
Dish TV India	2,121,212	1,453	2.60
Motherson Sumi Systems	570,250	2,647	4.75
		4,100	7.35
Consumer staples			
Dabur India	387,640	919	1.64
Emami	240,000	1,916	3.43
Jyothy Laboratories	859,831	2,268	4.06
Radico Khaitan	560,000	494	0.88
		5,597	10.01
Energy			
Aban Offshore	180,000	916	1.64
		916	1.64
Financials			
Arihant Foundations & Housing	592,400	361	0.65
Dewan Housing Finance Corporation	570,890	2,286	4.10
Federal Bank	2,010,000	3,093	5.55
Indian Bank	688,913	1,523	2.73
Indusind Bank	222,000	1,807	3.24
Sobha Developers	277,398	1,357	2.43
Yes Bank	270,000	2,115	3.79
		12,542	22.49
Healthcare			
Ajanta Pharma	55,000	1,298	2.33
Divi's Laboratories	97,550	1,705	3.06
Lupin	110,000	1,593	2.86
Neuland Laboratories	128,996	645	1.16
		5,241	9.41

Portfolio statement (continued)

As at 31 December 2014

Please note that these investments are held by the Company's wholly-owned subsidiary, ICG Q Limited, and not directly by the Company.

HOLDING	NOMINAL	VALUE £000's	% OF NAV OF ICGF
Industrials			
Balkrishna Industries	257,000	1,598	2.87
Eicher Motors	12,520	1,915	3.43
Exide	1,034,000	1,865	3.34
Finolex Cables	556,597	1,482	2.66
Gujarat Pipavav Port	871,442	1,828	3.28
Jain Irrigation Systems	1,363,293	968	1.74
Kajaria Ceramics	302,835	1,821	3.27
Larsen & Toubro	68,000	1,031	1.85
Max India	440,000	1,767	3.17
Voltas	400,000	984	1.76
		15,259	27.37
IT			
KPIT Technologies	621,781	1,281	2.30
NIT Technologies	314,723	1,183	2.12
Tech Mahindra	86,000	2,263	4.06
		4,727	8.48
Materials			
Berger Paints	400,000	1,634	2.93
P.I. Industries	383,505	2,009	3.60
The Ramco Cements	386,702	1,353	2.43
		4,996	8.96
Total equity investments		**53,378**	**95.71**
Cash and other net current assets of ICG F and its subsidiary		2,398	4.44
Total net assets of ICG Q Limited		**55,776**	**100.15**
Cash and other net current assets of the Company		(83)	(0.15)
Total Net Assets		**55,693**	**100.00**

Statement of comprehensive income

For the year ended 31 December 2014

	NOTES	REVENUE £000	CAPITAL £000	YEAR TO 31.12.14 TOTAL £000	YEAR TO 31.12.13 RESTATED TOTAL £000
Income					
Net gain/(loss) on financial asset at fair value through profit or loss		–	21,278	21,278	(3,113)
Total income/(expense)		**–**	**21,278**	**21,278**	**(3,113)**
Expenses					
Management fee		(26)	–	(26)	4
Other expenses	3	(294)	–	(294)	(358)
Foreign exchange losses		(1)	–	(1)	–
Other professional fees	3	(117)	–	(117)	(72)
Total expenses		**(438)**	**–**	**(438)**	**(426)**
(Loss)/profit for the year before taxation		(438)	21,278	20,840	(3,539)
Taxation	6	–	–	–	–
(Loss)/profit for the year after taxation		**(438)**	**21,278**	**20,840**	**(3,539)**
(Loss)/earnings per Ordinary Share (pence)	4	(0.58)	28.37	27.79	(4.72)
Diluted (loss)/earnings per Ordinary Share (pence)		(0.44)	21.40	20.96	(3.56)

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 IAS 1.

All the items in the above statement derive from continuing operations.

The notes on pages 32 to 41 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2014 (audited)

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2014 (restated)		750	(30,591)	(8,156)	72,850	34,853
Gain on investments		–	21,278	–	–	21,278
Revenue loss for the year after taxation		–	–	(438)	–	(438)
Balance as at 31 December 2014		**750**	**(9,313)**	**(8,594)**	**72,850**	**55,693**

For the year ended 31 December 2013 (audited and restated)

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2013 (as previously stated)		750	(30,281)	(4,955)	72,878	38,392
Restatement due to change in accounting policy		–	2,803	(2,775)	(28)	–
Balance as at 1 January 2013 (as restated)		750	(27,478)	(7,730)	72,850	38,392
Loss on investments		–	(3,113)	–	–	(3,113)
Revenue loss for the year after taxation		–	–	(426)	–	(426)
Balance as at 31 December 2013		**750**	**(30,591)**	**(8,156)**	**72,850**	**34,853**

The notes on pages 32 to 41 form part of these financial statements.

Statement of financial position

As at 31 December 2014

	NOTES	YEAR TO 31.12.14 £000	YEAR TO 31.12.13 RESTATED £000
Non-current assets			
Financial assets designated at fair value through profit or loss	5	55,776	34,973
Current assets			
Cash and cash equivalents		48	61
Receivables	7	8	15
		56	76
Current liabilities			
Payables	8	(139)	(196)
Net current liabilities		(83)	(120)
Total assets less current liabilities		55,693	34,853
Equity			
Ordinary share capital	10	750	750
Reserves		54,943	34,103
Total equity		55,693	34,853
Number of Ordinary Shares in issue		**75,001,463**	**75,001,463**
Net Asset Value per Ordinary Share (pence) – Undiluted		**74.26**	**46.47**
Net Asset Value per Ordinary Share (pence) – Diluted		**69.83**	**46.47**

The audited financial statements on pages 28 to 41 were approved by the Board of Directors on 18 March 2015 and signed on its behalf by:

Peter Niven

John Whittle

The notes on pages 32 to 41 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2014

	NOTES	YEAR TO 31.12.14 £000	YEAR TO 31.12.13 RESTATED £000
Cash flows from operating activities			
Operating profit/(loss)		20,840	(3,539)
Adjustment for:			
Net (gain)/loss on financial asset at fair value through profit or loss		(21,278)	3,113
Foreign exchange losses		1	–
Operating loss before working capital changes		**(437)**	**(426)**
Working capital changes			
Decrease in receivables		7	5
Decrease in payables		(57)	69
Cash flow used in operating activities		**(487)**	**(352)**
Cash flows from investing activities			
Sale of investments		475	380
Net cash inflow from investing activities		**475**	**380**
Net (decrease)/increase in cash and cash equivalents during the year		(12)	28
Cash and cash equivalents at the start of the year		61	33
Foreign exchange losses		(1)	–
Cash and cash equivalents at the end of the year		**48**	**61**

The notes on pages 32 to 41 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2014

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 2014 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 January 2009 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.

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 at the corresponding valuation date.

On the basis of the above, these financial statements represent the stand-alone figures of the Company. All comparative figures for the year ended 31 December 2013 have been restated to represent Company figures instead of consolidated figures. However, despite this restatement, the net asset value and aggregate reserves of the Company remain unchanged. The restatement has resulted in a reclassification between capital and revenue reserves and income and expenses in the statement of comprehensive income.

No third column is presented in the Statement of Financial Position as, other than reclassifications between sundry debtors, creditors and cash and investments, no material adjustments arose and total shareholders' funds remained unchanged further to the restatement.

In 2013, the consolidated financial statements reported income from dividends of £548,000 and other expenses relating to costs borne by the Company's subsidiary, ICG Q Limited, of £444,000. These have subsequently been restated and are included in the fair value gain/(loss) on financial assets and are reflected through a movement in the opening reserves allocation.

Expenses

Expenses are accounted for on an accruals basis. Other expenses, including management fees, are allocated to the revenue column of the statement of comprehensive income.

Taxation

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

1. Accounting Policies (continued)

Investments

The Company's investment is designated at fair value through profit or loss 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.

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 Admission Document and information thereon is evaluated by the management of the Company on a fair value basis.

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.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Due to their short-term maturities, their fair values approximate their costs.

Payables are recognised initially at fair value and subsequently measured at amortised cost. Due to their short-term maturities, their fair values approximate their costs.

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 presentation 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 cash in hand, overdrafts and demand deposits. 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 of both Ordinary Shares and Subscription Shares issued. The Company's Ordinary Shares and Subscription Shares have had 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.

Standards, interpretations and amendments to published statements not yet effective

Certain current standards, amendments and interpretations are not relevant to the Company's operations. Equally, certain interpretations to existing standards which are not yet effective are equally not relevant to the Company's operations. At the date of the authorisation of these financial statements, the following standards and interpretations which were in issue but not yet effective have not been early adopted in these financial statements.

- Amendments to IFRS 7 and IFRS 9 - Mandatory effective date and Transition disclosures is effective for periods beginning on or after 1 January 2018.

- Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 is effective for periods beginning on or after 1 January 2018.

1. Accounting Policies (continued)

Standards, interpretations and amendments to published statements not yet effective (continued)

- IFRS 14 - Regulatory Deferral Accounts is effective for periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants is effective for periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 - Clarification of Accountable Methods of Depreciation and Amortisation is effective for periods beginning on or after 1 January 2016.
- Amendments to IFRS 11 - Accounting for Acquisition of Interests in Joint Operations is effective for periods beginning on or after 1 January 2016.
- Amendments to IAS 27 - Equity Method in Separate Financial Statements is effective for periods beginning on or after 1 January 2016.
- IFRS 9 - Financial Instruments (issued in 2014) is effective for periods beginning on or after 1 January 2018.
- IFRS 15 - Revenue from Contracts with Customers beginning on or after 1 January 2017.

The Board has not yet assessed the impact of these standards as they have been recently published. The Directors believe that other pronouncements which are in issue but not yet operative or adopted by the Company will not have a material impact on the financial statements of the Company, but these will continue to be reviewed. These are:-

- Amendment to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets.
- Amendment to IAS 32 - Offsetting Financial Assets and Financial Liabilities.
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities.
- Amendment to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting.
- IFRIC 21 - Levies.
- Amendments to IAS 19 - Defined Benefits Plans: Employee Contributions.
- Annual improvements to IFRSs 2010-2012 cycle.
- Annual improvements to IFRSs 2011-2013 cycle.

2. Significant accounting judgements, estimates and assumptions

IFRS require management to make judgments, estimates and assumptions that effect 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 judgments 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. The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity analysis in Note 12. And in relation to the valuation of unlisted investment, actual results may differ from the estimates. It is management's judgement that NAV of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments and therefore no liquidity discount required.

For the year ended 31 December 2014

3. Other expenses

	Year to 31.12.14 £000	Year to 31.12.13 Restated £000
Directors' fees (note 13)	86	94
D&O insurance	6	14
Administration and secretarial fees (note 13)	39	75
Audit fee	14	16
Other advisory services	–	20
General expenses	149	139
	294	358

Other professional fees

During the year, the Company incurred costs amounting to £117,000 in relation to the Share Subscription Issue. During the year, the Board announced it was considering an issue of subscription shares ("Share Subscription Issue") with a view of increasing the size of the Company, which in turn would improve its marketability, facilitate a broader shareholder base and reduce the total expense ratio, whilst ensuring value remained with existing shareholders. 37,500,710 subscription shares of no par value (the "Subscription Shares") were authorised for issue free of payment on the basis of one Subscription Share for every two Ordinary Shares held at 5.00 pm on 4 August 2014. Each Subscription Share confers the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share rights and on payment of the subscription price being equal to the published unaudited NAV per Ordinary Share as calculated by the Administrator as at 5.00 pm on 31 July 2014, rounded up to the nearest penny (the "Subscription Price").

4. Earnings/(loss) per share

Earnings/(loss) per Ordinary Share is calculated on the profit for the year of £20,840,000 (2013 - loss of £3,539,000) divided by the weighted average number of shares of 75,001,463 (2013 - 75,001,463).

The fully diluted NAV assumes that the 37,500,710 Subscription Shares' rights will be exercised at their subscription price of 61 pence. The Subscription Shares have a subscription date of 6 August 2016. However, if at any time after 6 August 2015 the average middle market quotation for an Ordinary Share for at least 10 consecutive trading days is 5% or more above the subscription price, the Company has the right, but not the obligation, by an announcement on a RIS, to change the subscription date for exercise of the Subscription Shares to an earlier date (being a date not less than 30 days after the Company's announcement) that it is bringing forward the subscription date. In that event, an announcement will be made on a RIS and a notice of the revised subscription date will be given to all holders of the Subscription Shares on the register at 5.00pm on the date falling three business days following the announcement of the revised subscription date.

The diluted weighted average number of shares as at 31 December 2014 amounted to 99,418,134.

For the year ended 31 December 2014

5. Financial assets designated at fair value through profit or loss

	Listed £000	Unlisted £000	Year to 31.12.14 Total £000	Year to 31.12.13 Total Restated £000
Market value as at 1 January	–	34,973	34,973	38,466
Sales proceeds	–	(475)	(475)	(380)
Realised gain/(loss) on sale of investments	–	85	85	(355)
At end of the year	–	34,583	34,583	37,731
Unrealised gain/(loss) on revaluation	–	21,193	21,193	(2,758)
Fair value at end of year	**–**	**55,776**	**55,776**	**34,973**

Fair value of listed securities at end of the year	–	–
Fair value of unlisted securities at end of the year	55,776	34,973

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. The Company is exempt under The Income Tax (External Bodies) (Guensey) Ordinance 1989 (as amended) and paid the annual exemption fee.

For the year ended 31 December 2014, the Company had a tax liability of £ Nil (year ended 31 December 2013: £ Nil).

For the year ended 31 December 2014

7. Receivables

	31.12.14 Total £000	31.12.13 Total Restated £000
Other receivables and prepayments	8	15
	8	15

8. Payables

	31.12.14 Total £000	31.12.13 Total Restated £000
Management fee	71	44
Other creditors	68	152
	139	196

9. Segmental information

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's activities are focused in a single area - Mauritius. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in this Annual Report to disclose the underlying information. Assessment of performance by the Board and investment decisions by the Investment Manager are made on the basis of the portfolio as a whole. An analysis of the investments between listed and unlisted is however provided in note 5 as required by the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC, as per the basis of preparation in Note 1.

10. Share capital

Authorised Share Capital

Unlimited number of Ordinary Shares of £0.01 each

	Number	£000
Ordinary Shares of £0.01 each		
At 31 December 2014	75,001,463	750
At 31 December 2013	75,001,463	750

The Company's capital is represented by Ordinary Shares of par value £0.01, and each share carries one vote. They are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue or repurchase of Ordinary Shares.

There were no movements in the number of Ordinary Shares during 2014 or 2013.

The other distributable reserves relate to share premium arising on issuance of Ordinary Shares only.

The Subscription Shares do not entitle the holders to dividends or voting rights in the Company.

11. Fair value of financial instruments

The following tables shows 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 2014 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	–	55,776	–	55,776

The analysis as at 31 December 2013 (restated) is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	–	34,973	–	34,973

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 ICGQ Limited are categorised as level 1 at 31 December 2014 (2013: one unlisted security held classified as level 3 and valued at £Nil). 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.

12. 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 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 and small cap Indian companies. The Company held one unlisted security which was sold during the year ended 31 December 2014. 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:

12. Financial instruments and risk profile (continued)

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 2014, 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 as occurred in August 2014 when the Board issued subscription shares on the basis of 1 subscription share for every 2 Ordinary Shares. The intention of the issue is to increase the Company's share capital by up to 50% in order to improve liquidity and reduce operating charges as a percentage of assets under management.

The Company holds a single investment in ICG Q Limited, which holds an underlying portfolio of 34 equity instruments based in India. Below is an assessment of the various risks the Company may be indirectly exposed to via ICG Q Limited.

Market price risk

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

ICG Q Limited's investment portfolio is 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 2014, comprised investment in 34 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 mainly of mid 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 Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio. Assuming perfect correlation the sensitivity of ICG Q Limited to market price risk can be approximated by applying the percentage of funds invested (31 December 2014: 95.71%) to any movement in the BSE Mid-Cap Index. At 31 December 2014, with all other variables held constant, this approximation would produce a movement in the net assets of ICG Q Limited of £5,338,000 (31 December 2013: £3,372,000) for a 10% (31 December 2013: 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 risk is the risk that the fair value or future cash flows of the financial instruments held by ICG Q Limited will fluctuate because of changes in foreign exchange rates. ICG Q Limited's portfolio comprises 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 ICG Q Limited. 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.

12. Financial instruments and risk profile (continued)

Foreign currency risk (continued)

At 31 December 2014, if the Indian Rupee had strengthened or weakened by 10% (31 December 2013: 10%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £5,585,000 (31 December 2013: £3,569,000) 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.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with ICG Q Limited. 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 deposits with banks. SBI-SG Global Securities Services Private Limited ("SBI-SG") acts as the principal banker to the Company. The aggregate exposure of ICG Q Limited to the SBI-SG group at 31 December 2014 was £2,484,000 (31 December 2013: £1,267,000).

SBI-SG acted as custodian of the Company and ICG Q Limited's assets during the period. The securities held by SBI-SG as custodian are held in trust and are registered in the name of ICG Q Limited. SBI-SG has a credit rating of CRISIL AAA for SBI and A for Societe Generale.

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 is the risk that ICG Q Limited will encounter in realising assets or otherwise raising funds to meet financial commitments. As the trading volume on the Indian Stock Market is lower than that of more developed stock exchanges ICG Q Limited is likely to be invested in relatively illiquid securities. ICG Q Limited's focus is to invest predominantly in mid and small cap 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. As with unlisted securities these investments 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.

ICG Q Limited seeks 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.

For the year ended 31 December 2014

13. Related party transactions

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 fully in each Annual Report. The fees payable were £25,000 per annum for the Chairman, £19,000 per annum for the Chairman of the Audit Committee, £16,000 per annum to Mr John Whittle and £18,000 to Mr Vikram Kaushik.

The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiaries equivalent to 1.5 per cent. per annum of total assets, calculated and payable monthly in arrears. The Investment Manager earned £703,000 in management fees during the year ended 31 December 2014 (31 December 2013: £522,000) of which £71,000 was outstanding at 31 December 2014 (31 December 2013: £44,000). The Company incurred fees of £26,000 during the year ended 31 December 2014, whist ICG Q Limited had borne £677,000 during the same year.

In June 2014, a Supplement to the Investment Management Agreement dated 16 December 2005 was executed between the Investment Manager, the Company and ICG Q Limited such that the Investment Manager is not entitled to any performance-related fees with effect from 1 January 2014.

Under the terms of the Administration Agreement, Apex Fund Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a flat 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 £39,000 for administration and secretarial services during the year ended 31 December 2014 (Earned by Northern Trust for the year ended 31 December 2013: £75,000) of which £3,300 was outstanding at 31 December 2014 (Due to Northern Trust as at 31 December 2013: £19,000). The Company's sub-administrator, Apex Fund Services (Mauritius) Ltd, earned £27,000 for administration and secretarial services during the year ended 31 December 2014 (31 December 2013: Nil).

14. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2014 (2013: Nil).

15. Subsequent events

These financial statements were approved for issuance by the Board on 18 March 2015. Subsequent events have been evaluated until this date. There were no subsequent events after year end that required adjustments to the financial statements and disclosures to the notes.

PART B

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

India
Capital Growth Fund

Annual report and audited financial statements

For the year ended
31 December 2015

India
Capital Growth Fund

Annual report and
audited financial
statements

For the year ended
31 December 2015

Contents

Management and administration

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Fred Carr (Chairman)
John Whittle
Peter Niven
Vikram Kaushik

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Administrator and Secretary

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Broker

Numis Securities Limited
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Registrar

Neville Registrars Limited
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Independent Auditors

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Chairman's statement

Whilst 2015 was disappointing for global equities, it should be remembered as the year in which India emerged as a standalone investment case. Despite a deteriorating global economic outlook, heightened geopolitical tensions, and the beginning of tighter US monetary policy; the India of 2015 has shown considerably greater resilience compared to the India of 2013, when the currency collapsed and the economy was ignominiously dubbed as a member of the Fragile Five. Against this backdrop, the Investment Manager delivered impressive returns in Sterling, with an 8.6% increase in the undiluted NAV versus 7.7% for the BSE Mid Cap Index. The majority of this was driven by equity returns, with only a 0.2% contribution from the Rupee appreciating against the Pound. The deterioration in risk appetite of investors over the year is demonstrated by the tepid response to NAV returns from the share price, which rose only by 1.0%.

In the final two Parliamentary sessions of the year, the BJP struggled to push legislation in the Rajya Sabha (Upper House) where it still sits in minority. Although the party is still in the process of learning how to grapple with the challenges that result from operating in a robust democracy, it has made, and continues to make, significant progress in reforming the Indian economy. In the last financial year, the central Government's subsidy bill constituted just over 50% of its fiscal deficit. The existing subsidy system is now being phased out with the introduction of the Direct Benefit Transfer Scheme. Since the launch of the Government's financial inclusion initiative in September 2014, every Indian household now has access to banking services, resulting in the opening of over 200 million accounts. Whilst being an impressive achievement in itself, which will facilitate the intermediation of financial services in the economy, it will also allow subsidies to be streamlined through a cash transfer from the Government into household bank accounts, thereby eliminating the middlemen through which excessive waste, pilfering and corruption occurs. 151 million Indians now receive their LPG subsidies through the scheme and it is now being piloted for the delivery of a Kerosene based cooking fuel that is predominantly used in poorer rural communities.

The drive towards fostering intra-State competition that was discussed in my Statement in the Interim Report has now been formalised. The Government has invited the World Bank and KPMG to review each State in terms of "ease of doing business" along the same parameters used for their international survey. This has had the desired effect, with each State now using the report to market their areas of strength and improve their areas of weakness in order to boost their rankings and encourage inward investment both from domestic companies and Multi National Corporations. The consequence of this is that India's overall ranking should improve and head towards Narendra Modi's stated target of reaching the top 50 within three years. The full effect of the reforms taking place will take time to be felt due to India's scale and complexity, but the direction and speed of travel is what is key. Moreover, the stable macroeconomic backdrop has created a platform for a revival in business activity and growth. India was the largest recipient of Foreign Direct Investment commitments in the first half of the year, overtaking China. Having now also replaced China as the world's fastest growing country, it is well poised to take its economic output to a level closer to its true potential.

The reforms being implemented from the top down, alongside a rigorous marketing campaign from the Prime Minister to highlight these changes, have put India at the forefront of investment decisions from overseas companies. As the country sits on the cusp of its next phase of economic growth, its stock market – with approximately 6,000 listed companies – offers abundant opportunities to capture it.

The Investment Manager's value driven philosophy is well positioned to do so with a portfolio that is constructed by a process that seeks to buy well managed, cash-generating businesses with strong corporate governance which can compound their earnings across market cycles. With this in mind, the short term uncertainty surrounding the timing of the recovery in corporate profitability, alongside global headwinds, should not deter the appetite of long term investors. In fact, the outlook for India has not looked this promising for many years and the Investment Manager believes the case for investing in India at this stage of the global and Indian economic cycle is currently a strong one. The board therefore remains hopeful of raising additional capital for the Company to invest in India by the final exercise date of the Subscription Shares of 6 August 2016.

Fred Carr | Chairman
March 2016

Investment Manager's report

After the robust gains made in 2014 following the BJP's stunning election result, 2015 was expected to be a year where further meaningful upside would be hard to come by, at least without a period of consolidation, and particularly given the then tepid economic outlook and steep valuations. And thus it turned out; the Net Asset Value (NAV) rose 8.6% in Sterling terms, outperforming the BSE Mid Cap index by 0.9% which rose 7.7%. A detailed analysis of the attribution making up this performance is provided at the end of this report, but although the gains were modest relative to 2014, Midcap India performed well in the context of the country's large caps and the emerging market peer group as a whole, reinforcing our long held belief in the structural advantages India's equity markets have to offer.

Two key elements dominated investors' radars throughout the period. Uppermost was the steady erosion of the "Modi premium" which had been quickly established by the market following the BJP's comfortable election victory. This premium valuation (in terms of India's forward price/earnings multiple relative to its history) was established on the assumption that the single party majority in the lower house of India's parliament earned by the BJP would give the Government the space to pursue much needed policy reform and thereby drive economic growth. This, in conjunction with a stable macroeconomic outlook, fashioned from lower oil and commodity prices, and a highly credible Reserve Bank, justified India's elevated valuations with an expectation that corporate profitability would recover sufficiently to justify the market's premium valuation. And whilst the latter elements of the equation kept their side of the bargain, largely accounting for India's positive relative performance to broader Emerging Markets over the period, investors' belief in the Modi dream was overshadowed by two central themes. The BJP lost two State Elections over the year. The first was in Delhi, which due to its small population is insignificant in the overall makeup of the Governments' majority, whereas Bihar which it also lost, the outcome was numerically more important but strategically less so. Whilst neither loss caused any material change to the political balance or the growth outlook (though for different reasons), put together the results have added doubt in investors' minds as to the extent of Modi's political strength.

Elsewhere, the Government's failure to successfully legislate any significant headline reform, notably the Goods and Services Tax and revisions to the Land Acquisition Act, provided the market with sufficient disappointment to cap performance. Hence domestic political failure in conjunction with weak sentiment globally forced a rapidly deteriorating macro construct around Emerging Markets as a whole. This crafted a "risk off" trade; fund flow into Emerging Markets reversed causing currency weakness, increased market volatility, and in some cases, tighter monetary policy required to offset imported inflation. Although India was not immune from this fund flow reversal, (both debt and equity portfolio flows and foreign direct investment were favourable by comparison to others in the Emerging Market peer group), India's sound macroeconomic balances and strong currency reserves negated the need for any damaging adjustments to fiscal or monetary policies. In addition, foreign investor outflows were significantly offset by a substantial pick up in flows into equities from domestic mutual funds, drawn back into equities after a long absence owing to a combination of high real interest rates, a collapse in gold and real estate prices (traditional savings products), and increased scrutiny of the cash economy. Renewed interest from the domestic investor created incremental demand for equity in small and mid-size listed companies which contributed to the outperformance of this part of the market relative to the main board stocks and with it the portfolio, which is predominantly invested in Mid Cap Indian equities. This trend of Mid Cap outperformance was enhanced from mid-year onwards by selling pressure from foreign investors, in particular exchange traded funds and global Emerging Market funds who have historically owned more liquid names, consequently putting incremental downward pressure on the index heavy weights.

The markets' disappointment around headline reform in the local market over the period was warranted. Though the Government's lack of a majority in the Upper House (where legislation failed) was implicitly understood, investors still underestimated both Modi's failure to find a political solution to contentious policies, and this combined with the opposition's reluctance to support any legislation presented to them, however progressive, caused the parliamentary process to fail. A thaw in the political frost is required in order for parliament to function properly again, and we remain hopeful that this will be a theme for 2016.

Though the Government has fallen short on legislation, it has used its executive power productively to prioritise structural reform in parts of the economy critical to longer term economic stability. Thus the energy sector, and in particular coal, oil and gas, specific areas of infrastructure, notably roads and railways and crucially financial services are undergoing seismic change. Linked to improvements in the allocation of coal resources and the supply of coal to thermal units, has been a wholesale restructuring of debt surrounding the State electricity transmission and distribution companies. It is too early to claim real progress yet, but the Government should be given credit for forcing State governments to face up to tackling these problems. In addition the BJP has taken advantage of the collapse in oil prices to de-link market action in international oil prices with the subsidy payments to the population on fuel related products. This is to the benefit of the public accounts and to a large number of consumers who now receive their subsidy in the form of a cash payment electronically to their bank account rather than in physical form. This is linked to the policy of financial inclusion at the lowest level, whereby Modi's Government has enabled the majority of the population to gain access to a bank account. Paying the subsidy directly reduces embezzlement, on a massive scale, enabling the Government to allocate tax revenues more productively whilst empowering the consumer to spend more judiciously, ensuring a win-win for all. Expectations are high that these game changing policies can be extended to food and fertiliser subsidies where the real benefits for the Government's finances can be enjoyed. Road building has been a major priority of 2015, not just in the requirement to build more but also to improve regulation and avenues for future funding in order to encourage the private sector to become more involved, and there is tangible evidence of progress here with budgeted targets for kilometres constructed for the year actually being achieved. Emphasis is now being placed on further investment by the Government in the Railways, in particular track, rolling stock, and station upgrades at both a State and a Federal level.

The long awaited recovery in corporate profitability (still largely elusive) has been the second tenet in the reduction of the "Modi premium." Over the course of 2015 the market's expectations around aggregate earnings growth was steadily revised downwards in spite of easier monetary and fiscal policies and the maintenance of steady, if not exceptional GDP growth. Although India's economy is heavily skewed towards domestically generated growth it is not immune to broader market concerns over the tightening of US interest rates, the collapse in oil prices, and the concomitant effect on global growth. Thus companies exposed to these events (large cap IT, Oil & Gas, Metals and Mining for example) were subject to successive downward revision to earnings forecasts capping investor appetite. The portfolio has never been meaningfully exposed to these sectors, tending to focus more on domestically focused companies, largely shielded from global misery. However, issues negatively affecting the outlook on the home front caused equally disappointing performance in some specific areas. The Public Sector Banks were at the forefront of this headwind, hamstrung by relentless pressure on non-performing loans and increased scrutiny by the Reserve Bank intent on cleaning up the system. The portfolio had minimal exposure to this area, but asset quality issues are hampering the expansion of credit and holding back investment, acting as a firm brake on economic expansion. It is in the long term interests of the market that the Reserve Bank forces banks to be more transparent in their accounting of poor performing assets, and though the recognition of the problems is now apparent, more time and further pain is required before the sector can be considered fully fit again. Aside from the banking sector the consumer appetite retrenched somewhat in 2015, particularly in rural areas, hampered by successive weak monsoons and a significant reduction in financial support for this community. Urban consumption remained more resilient and the outlook here is more promising in the light of the recent Pay Commission's decision to award a 25% pay rise to all public sector employees from 2017 onwards. We anticipate this effect will filter through in quick time.

Looking forward to 2016, as India's growth and earnings dynamics continue to look more stable and attractive than much of the Emerging Market peer group we expect a solid if not spectacular year ahead, much along the lines of 2015, assuming volatility in global equities subsides after a tough start. 'Tough' is perhaps an understatement as India has not escaped the extreme volatility that engulfed global markets post the financial year end. As is often the case in periods of intense 'risk off' trading activity, selling is indiscriminate with good and bad alike being equally punished, and in the case of the portfolio, the situation is no different. Hence the undiluted NAV has fallen 8.3%[1] since the start of the year, marginally underperforming its notional benchmark. This has been somewhat offset by the strong performance of the Indian Rupee against the value of Sterling, which rose 3.2% to the end February, supporting the share price which has fallen 8.0%.

As India continues to stand out from the Emerging Market pack as a growth opportunity, with a stable political and macro framework and a reformist agenda, we expect both Foreign and Domestic investors to continue to support the market. On the issue of reform, we anticipate ongoing progress via the Executive as was the case in 2015 whilst remaining cautiously optimistic of a more constructive legislature. In addition the Reserve Bank will continue to pursue growth orientated monetary policy with further cuts to nominal interest rates as inflation is expected to remain within the stated target and providing the Government continues to pursue fiscal probity. This will enable corporates to continue the deleveraging process and assist banks to clean up their balance sheets. In due course this will catalyse a private sector investment cycle addressing much needed infrastructure development. There is much to look forward to still.

Portfolio performance

The NAV was supported by a fractional depreciation of Sterling versus the Indian Rupee. With the exception of Financials, Information Technology and Energy all sectors generated absolute returns for the year. These were led by Healthcare stocks, in particular Divis Laboratories (3.3% position, up 35%), Ajanta Pharma (2.7% position, up 29%) and Neuland Laboratories (1.15% position, up 63%). Elsewhere positive contributions came from Materials, driven by Berger Paints (2.8% position, up 34%) and PI Industries (3.9% position, up 26%). Equally important was the contribution from the Industrial sector, led by Kajaria Ceramics (4% position, up 67%) and Voltas (2% position, up 35%). On the downside, portfolio holding Indian Bank (1.8% position) fell 46% as did property developer Sobha (2.3% position, down 35%) in addition to Information Technology company KPIT Cummins (1.6% position, down 16%) and Tech Mahindra (3.4% position, down 18%). Finally, in the Energy sector, Aban Offshore (0.7% weight) fell 49.4%. More details on the portfolio holding and turnover are included later in this report.

Top 10 companies

Dewan Housing Finance Corporation
(4.6% of the portfolio)

Dewan Housing Finance is the third largest private sector Housing Finance Company in India. It was established in 1984 and over the last 30+ years, has concentrated on the low to middle income segment by providing finance to low cost houses. We are extremely positive on the long term prospects of housing finance in India, particularly in the low income segment, which has less pricing pressure and also has a favourable competitive environment as establishing a network is difficult and time consuming. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 7.3x and 1.2x projected FY17 book value.

Jyothy Laboratories
(4.4% of the portfolio)

Jyothy is a Mumbai-based FMCG company with 21 manufacturing units at 14 locations across India. It has six business divisions namely Fabric Care, Household Insecticide, Utensil Cleaners, Fragrances, Personal Care and Fabric Care Service, under the brands Ujala, Maxo, Exo, Jeeva and Maya. With its successful purchase and integration of Henkel in 2011 now bearing fruit, we see a period of sustained above market growth along with operating leverage driving earnings. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 31.7x.

Kajaria Ceramics Ltd
(4.3% of the portfolio)

Kajaria is the largest tile manufacturer in India and a leader in North India. Tile penetration in India is still very low and consumption should benefit from the housing boom and commercial developments in Tier 2 and 3 cities, along with higher consumer aspirations. Market dynamics are favourable, with CAGR of the tile market at 15-16% in last five years, while expectation is for this growth to continue over the next five years given the Government initiatives on Railway modernisation and Clean India. There is also a gradual upward movement in value chain, which has led to higher realisations and margins. Kajaria has industry-leading margins due to low proportion of imports, higher sales to retail, and superior product mix. It has increasingly been using a Joint Venture model to enhance its geographical footprint, which should fuel growth

[1] As at 9 March 2016

and improve ROCE. Based on the closing price on 31 December 2015 the stock trades at a price to projected FY17 earnings ratio of 27.5x.

Federal Bank Limited
(3.9% of the portfolio)
Federal Bank is an old private sector bank with a network of over 1,000 branches and a dominant presence in the southern Indian state of Kerala. The Bank's lending is dominated by the SME (small and medium enterprises) and retail segments (30% each of the loan book). Having re-engineered its credit underwriting process and put in place solid risk management architecture over the last two years, Federal Bank is now poised for the next phase of "Growth with Quality". We continue to believe that the Bank is a potential re-rating story, on the back of improving profitability and growth, aided by a healthy capital position. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 8.4x and 1.0x projected FY17 book value.

Divis Laboratories
(3.8% of the portfolio)
Divis Laboratories provides contract research and manufacturing services to the global pharmaceutical industry. It does not develop or market any final product of its own, but manufactures and supplies key ingredients to front-end pharmaceutical companies, who in turn formulate and market them to the final consumers. The company undertakes custom manufacture of active product ingredients for innovator companies and to generic companies where it benefits from strong economies of scale. Divis selects products with complex chemistry, develops proprietary, efficient processes to manufacture them and tries to capture a large share of the global market for products where it can control pricing. Based on the closing market price on 31 December 2015 the stock trades at a price to projected FY17 earnings ratio of 23.7x.

PI Industries
(3.7% of the portfolio)
PI Industries (PI) focuses on domestic agri-input and custom synthesis business. In domestic agri-input, PI has tie-ups with global multi-national companies for IP products, through which it has obtained exclusive rights for distribution of licenced products in India and is constantly on the lookout to expand its operations/tie-ups. In FY16, in a tough domestic agro-chemicals market, PI has been able to grow because of its niche focus on few products and exclusive tie-ups. On account of its R&D driven approach, PI has become a preferred partner for companies for custom synthesis coupled with a non-compete and IP driven business model. It has a strong order book of US$615m which ensures long term revenue visibility in the custom synthesis segment. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 25.3x.

Yes Bank
(3.7% of the portfolio)
Yes Bank is a new generation private sector bank, run by a highly competent top management team that has established a high quality, customer centric, service driven bank; now the fourth largest private sector bank in India. Having expanded to over 750 retail branches, the bank is focusing on building a strong retail franchise, targeting 45% of its assets and deposits to come from retail consumers. Similarly, it is aiming to increase its share of CASA (current account and saving account) deposits to 40% by 2020 from the current 26.6%. The Bank has consistently delivered high shareholder returns during the last five years with RoE greater than 20% and RoA in the range of 1.3% to 1.5%. We see this trend continuing as it builds its retail franchise. It has also maintained best-in-class asset quality on account of better asset acquisition. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 9.9x and 1.9x projected FY2017 book value.

IndusInd Bank
(3.6% of the portfolio)
IndusInd Bank is also one of the new generation private sector banks in India which commenced its operations in 1994. IndusInd has become one of the leading commercial vehicle and two wheeler financiers in the country, and now has a diversified loan book with 44% in consumer finance and 56% in corporate and commercial Banking. Its key strength lies in its ability to raise low cost current account and saving account deposits which account for 35% of the total deposits. The bank's focus is to further improve this by aggressively increasing the branch network from 905 branches to 1,200 branches by FY17. Over the last couple of years IndusInd has improved its RoA to 1.85% and ROE to 18% through a combination of its profitable consumer finance franchise, stable asset quality and a large non-fund based portfolio. Based on the closing

market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 19x and 2.9x projected FY2017 book value.

Max India
(3.4% of the portfolio)
Max India is a diversified insurance group with interests in life insurance, health insurance, hospitals and speciality films. The group holds a 72% stake in a life insurance venture called Max Life, which is one of the top five private sector life insurance companies in India. While the life insurance market in India has shown weakness in new business uptake over the last five years, Max India has grown in new business in three out of last five years. This has led to rapid growth in AUM and a CAGR of more than 20%. The group announced a restructuring plan in December 2014, whereby the existing business will be formed in three separate companies – life insurance, healthcare (including health insurance) and speciality films. Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 37.6x and 3.7x projected FY17 book value.

Berger Paints
(3.4% of the portfolio)
Berger Paints is the second largest paints company in India headquartered in Kolkata, India with a market share of 18%. With strategically located plants, Berger has a strong foothold in the East and North and mainly in Tier 2 cities. Its market share has increased owing to its sustained aggression in product development, robust expansion of its distribution network, differentiated marketing propositions targeting the middle and lower class and enhanced brand visibility. Despite being a mass market player, over the last couple of years, Berger has concentrated on a premium product mix with a higher focus on the luxury segment (Silk, Weathercoat All Guard and Easy Clean). Based on the closing market price on 31 December 2015, the stock trades at a price to projected FY17 earnings ratio of 40x.

Ocean Dial Asset Management
March 2016

Directors

The Directors as at 31 December 2015, all of whom are non-executive, are as follows:

Fred Carr (Chairman)

Aged 70, Fred was appointed to the Board as Chairman on 17 September 2009. He spent his career in stockbroking and investment management, ultimately (1993 - 2004) as Chief Executive of Carr Sheppards Crosthwaite. He is a Fellow of the Chartered Institute of Securities and Investment. He is a resident of the United Kingdom.

Vikram Kaushik

Aged 65, Vikram was appointed to the Board on 14 June 2012. He is a resident of India where he has worked throughout his career. He initially spent more than 16 years working for Unilever before moving to the advertising sector and then back to the FMCG sector as Vice President of Britannia Industries. In 1999, he was appointed a Director of Colgate Palmolive and in 2004 he was appointed Managing Director & CEO of Tata Sky. Mr Kaushik retired from Tata Sky and now consults with PricewaterhouseCoopers and is advisor to Voltas, a Tata Group company. He has served on the Government Committee for Restructuring Public Service Broadcasting in India and on the Sectoral Committee for Innovation in Media set up by the Prime Minister's Office in India. He also mentors start-ups in the media/technology sector. In 2016, he has become a Fellow of the Advanced Leadership Initiative at Harvard.

Peter Niven

Aged 61, Peter was appointed to the Board on 11 August 2011. He has over 35 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 a resident of Guernsey.

John Whittle

Aged 60, 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 a resident of Guernsey.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

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

	COMPANY NAME	STOCK EXCHANGE
Fred Carr		
	M&G High Income Investment Trust Plc	London
Vikram Kaushik		
	Vaibhav Global Limited	India
Peter Niven		
	F&C Commercial Property Trust Limited	London
	Guernsey Portfolios PCC Limited	CISE
	SQM Asset Finance Income Fund Limited	London
John Whittle		
	Advance Frontier Markets Fund Limited	AIM
	GLI Finance (as alternate)	AIM
	Globalworth Real Estate Investments Limited	AIM
	International Public Partnerships Ltd	London
	Starwood European Real Estate Finance Limited	London
	Toro Ltd	SFM

Directors' report

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 31 December 2015 which have been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

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 2015, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited. The Company's Ordinary Shares and Subscription Shares were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 22 December 2005 and 12 August 2014 respectively.

Investment policy

The Company's investment objective is to provide long-term capital appreciation by investing (indirectly) 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 declared policy not to hedge the exposure to the Indian Rupee.

Results and dividends

The Company's performance during the year is discussed in the Investment Manager's Report on pages 5 to 9.

The results for the year are set out in the audited statement of comprehensive income on page 30.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (31 December 2014: £Nil).

Substantial interests

Shareholders who at 31 December 2015 held an interest of 3% or more of the Ordinary Share Capital of the Company are stated in the table below:

	No. Shares	% Holding
Gramercy	20,505,915	27.34
Lazard Asset Management	19,537,883	26.05
Miton Asset Management	5,975,000	7.97
Rathbones	3,559,011	4.75
Hargreaves Lansdown	2,326,176	3.10

At 31 December 2015, the Investment Manager, Ocean Dial Asset Management Limited and connected persons (not elsewhere disclosed) held in aggregate 622,581 Ordinary Shares (0.83%) in the Company.

Directors

The names and a short biography of the Directors of the Company, each of whom served throughout the year and to date, are set out on page 10.

Directors' interests

At 31 December 2015, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares
Fred Carr	130,000
Peter Niven	25,000
John Whittle	20,000

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 of the Company and its subsidiary for the year ended 31 December 2015 was 1.99% (31 December 2014: 2.26% and 31 December 2013: 2.75%).

Corporate governance

The AIC Code of Corporate Governance (the "AIC Code") was updated in March 2015 following the issuance of a new UK Corporate Governance Code (the "UK Code") by the UK Financial Reporting Council in September 2014. It is designed to provide Boards of its member investment companies with a framework of best practice in respect of the governance of investment companies. The Company's shares are quoted on AIM, and as such the Company is not formally required to comply with the UK Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and accordingly seek to comply with the principles of the AIC code.

The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC Code"). Companies reporting against the UK Code or the AIC Code are deemed to comply with the GFSC Code.

Corporate governance principles

The Board considers that it has complied with the AIC Code during the year ended 31 December 2015 except that there is no provision in the Company's Articles of Incorporation which requires Directors to seek re-election on a periodic basis, and only Directors appointed to fill a casual vacancy seek re-election at the AGM immediately following their appointment. There is no limit on length of service, nor is there any upper age restriction on Directors. The Board considers that there is significant benefit to the Company arising from continuity and experience among Directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does however believe that shareholders should be given the opportunity to review membership of the Board on a regular basis. The Board has thus resolved that, in addition to the Articles requirement for re-election at the AGM immediately following appointment, any Director who has served for more than nine years should offer him or herself for re-election annually, and that one third of the remaining Directors should retire by rotation at each AGM and be eligible to seek re-election.

Composition and independence of the Board

The Board currently consists of four non-executive directors, all of whom are independent. The Chairman of the Board is Fred Carr. 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 Mr Carr 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.

Board meetings, Committee meetings and Directors' attendance

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

	Board Meetings		Audit Committee	
	Held	Attended	Held	Attended
Fred Carr (Chairman)	4	4	–	–
Vikram Kaushik	4	4	–	–
Peter Niven	4	4	2	2
John Whittle	4	4	2	2

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 2015 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 it fulfils the role of the 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.

Remuneration Committee

As the Directors are non-executive and few in number, the Board has decided that it is not appropriate to form a separate Remuneration Committee. Remuneration is reviewed annually and discussed by the Board as a whole with independent input.

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 provided on page 20. 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 on pages 20 to 22.

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 has drawn up a risk assessment matrix, which identifies the key risks to the Company. These fall into the following broad categories:

- Investment Risks: The Company is exposed to the risk that its portfolio fails to perform in line with the investment objectives and policy if it is inappropriately invested or markets move adversely. 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 Index.

- Operational Risks: 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.

- Accounting, Legal and Regulatory Risks: The Company is exposed to risk if it fails to comply with the regulations of the AIM Listing Authority and the Guernsey, Mauritian and Indian laws and regulations or if it fails to maintain accurate accounting records. The Investment Manager and Administrator provides the Board with regular reports on changes in regulations and accounting requirements.

- Taxation Risks: The Company is exposed to the risk of additional taxation charges from several geographical jurisdictions in which the Company, its service providers or its investment portfolio resides. The risk that appropriate tax residency is not maintained may result from poor administration or by changes in Government policy. The board receives quarterly updates from the Investment Manager and the Administrator who is responsible for tax residence administration.

- Financial Risks: The financial risks, including market, foreign currency, credit and liquidity risk, faced by the Company, where appropriate, are set out in note 12 to the financial statements. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting.

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations and will update the risk assessment matrix to reflect any changes to the control environment.

The Board confirms that they have carried out a robust assessment of the principle risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

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, 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 SBI-SG Global Securities Services Pvt Limited, a joint venture between the State Bank of India (SBI) and Societe Generale Securities Services (SG), which is registered as a custodian with the Securities and Exchange Board of India (SEBI).

The Board has instituted a formal annual review of the performance of all material external service providers and of the related contractual terms.

Investment management

The Investment Manager is entitled to receive a management fee payable jointly by the Company and the Mauritian subsidiary, ICG Q Limited, equivalent to 1.5% per annum of the Company's Gross Asset Value, calculated and payable monthly in arrears. The Company's Gross Asset Value consists of the Net Assets of the Company 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.

No separate Management Engagement Committee has been constituted as the monitoring of management is considered a primary function of the Board. 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.

The Investment Management Agreement continues in force until determined by the Investment Manager or the Company giving not less than 12 months' notice to the other party.

From time to time the extent of powers delegated to the Investment Manager and matters upon which decision making is reserved to the Board. 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 a semi-annual basis 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 ICG Q Limited's, the Company's wholly-owned subsidiary, holdings in Indian listed companies.

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

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. The States of Guernsey signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") on 22 October 2013, under which mandatory disclosure requirements will be required in respect of account holders who have a UK connection. The Board is monitoring implementation of the UK-Guernsey IGA with the assistance of its professional advisers.

Shareholder communications

A report on Shareholder communications is considered at each quarterly Board Meeting. A monthly Fact Sheet is published on the Company's website reporting the month-end Net Asset Value and with a commentary on performance. In addition, the Investment Manager reports a weekly estimated, unaudited 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 Company has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, 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 2015.

In order to ensure the Board members have an understanding of the views of the major shareholders about their Company, the Investment Manager and the Corporate Broker, who regularly engage with those shareholders, both report those views to the Board Members at each board meeting.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements since the assets of the Company's wholly-owned subsidiary consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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 Company's "Three Yearly Assessment" as agreed at the 2014 AGM. In making this assessment, the Directors have considered detailed information provided at board meetings which includes the Company's balance sheet, market capitalisation, share price discount, investment performance and in particular, performance against the BSE Mid Cap Index, investment portfolio liquidity, income and operating expenses. Based on the above, 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 three year period of this assessment, assuming there are no significant changes in the global financial markets over the three year period.

Approved by the Board of Directors and signed on behalf of the Board on 16 March 2016.

Peter Niven

John Whittle

Statement of Directors' Responsibility in respect of the Annual Audited Financial Statements

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 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 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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. 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.

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:

Peter Niven

John Whittle

16 March 2016

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

Since the Directors are non-executive and few in number, the Company has not established a Remuneration Committee.

The Company's Articles of Incorporation provide 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 £100,000 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

As a result of its annual review of Directors' remuneration, the Board as a whole determined to increase directors' fees with effect from 1 January 2016 as listed below with directors' fees for the year ended 31 December 2015 and 31 December 2014:

	With effect from 1 Jan 2016 £	For the year ended 31 Dec 2015 £	For the year ended 31 Dec 2014 £
Fred Carr (Chairman)	28,000	25,000	25,000
Peter Niven (Chairman of the Audit Committee)	22,000	19,000	19,000
Vikram Kaushik	20,000	18,000	18,000
John Whittle	20,000	16,000	16,000
Jamie Cayzer-Colvin (resigned on 29 May 2014)	-	-	8,000

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.

Signed on behalf of the Board by:

Peter Niven

John Whittle

16 March 2016

Report of the Audit Committee

Introduction

The Audit Committee (the "Committee") Report for 2015 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 Peter Niven and the other member is 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 Audit 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 table on page 14 sets out the number of Audit Committee meetings held during the year ended 31 December 2015 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 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

Following a competitive tender process, Deloitte LLP replaced Ernst & Young LLP as the Independent Auditor of the Company in respect of the year ended 31 December 2015.

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, which is yet to be finalised. The Committee will follow the developments around the FRC, EU and Competition Markets Authority guidance on tendering at the appropriate time.

The independence and objectivity of the Independent Auditor is reviewed by the Audit Committee which also reviews the terms under which the independent auditor is appointed to perform non-audit services. The outsourcing of any non-audit service to 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 that the fees paid by the Company listed below are currently below the specified threshold, the Company can be deemed to not be in breach of independence and objectivity.

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 ICG Q Limited's holdings and the Company's 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, it was determined that no illiquidity discount would be applied in determining the fair value of the Company's investment in ICG Q Limited.

The foregoing matter was discussed during the planning and final stage of the audit and there were no significant 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:

- Reviewed the audit plan presented to the Committee before the start of the audit;
- Reviewed the post audit report;
- Reviewed 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; and
- Reviewed 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 intends to perform a specific evaluation of the performance of the independent auditor which will be supported by the results of questionnaires to be completed by the Committee. This questionnaire will cover 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:

	2015 £	2014 £
Annual Audit	22,500	22,500
Interim Review	3,500	3,000
Tax Services - FATCA review	4,500	-

Internal Control

The Audit Committee has examined the need for an internal audit function. The Audit Committee considered that the systems and procedures employed by the 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 Audit Committee examined externally prepared assessments of the control environment in place at the Manager and the Administrator with the latter providing an independent service auditor's report in accordance with ISAE 3402 for the year ended 30 September 2015.

Conclusion and Recommendation

After consultations with the Independent Auditor as necessary and reviewing various reports from the Manager such as the quarterly performance reports and portfolio attribution and portfolio turnover reporting and assessing the significant financial statement issues listed on page 17, the Audit 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 Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

Peter Niven
Audit Committee Chairman
16 March 2016

Independent auditors' report

Independent auditor's report to the members of India Capital Growth Fund Limited

Opinion on financial statements of India Capital Growth Fund Limited ("the Company")
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit 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.

The financial statements comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Company
We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 1 to the financial statements and the directors' statement on the longer-term viability of the Company contained within the Directors' Report on page 17.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 15 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 disclosures on page 15 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 1 of the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 17 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 agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independence
We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation of the Company's Investment in its Subsidiary The Company's investment in its subsidiary has a fair value of £60.5m (2014: £55.8m) as at 31 December 2015. This is comprised solely of an equity investment in the Company's wholly owned subsidiary, ICG Q Limited ("ICGQ"). The fair value of ICGQ reflects the underlying fair value of the net assets of its subsidiary. ICGQ'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 11 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 an area of focus as they drive the net asset value of ICGQ and ultimately of the Company.	In order to test the investments balance as at 31 December 2015 we performed the following procedures: ■ Assessed the design and implementation of 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 ICGQ as at 31 December 2015 to an independently received custodian confirmation; ■ Obtained independent pricing information as at 31 December 2015 in order to recalculate the fair value of all of the investments held by ICGQ; and ■ Tested the initial cost and cut-off of investment transactions by agreeing the purchase and sale of a sample of ICGQ's equity shares to independent confirmations.

The description of risk above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 21.

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.

Our application of 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.

We determined materiality for the Company to be £605,000, which is approximately 1% of net assets. In determining the materiality, we considered what the most important balances on which the users of the financial statements would judge the performance of the Company. As the investment objective of the Company is primarily to invest for capital appreciation, we consider the net asset value of the Company to be a key performance indicator for shareholders.

In 2014 the previous auditor set materiality at £557,000 which is approximately 1% of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £12,000 (2014: £28,000 agreed by the previous auditor), 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.

An overview of the scope of our audit

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 carried out the substantive audit work of both the Company and ICG Q Limited and have therefore audited both companies 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.

Matters on which we are required to report by exception

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; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Corporate Governance Statement

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Becker (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
St Peter Port, Guernsey

Date: 16 March 2016

The maintenance and integrity of the India Capital Growth Fund Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal investments

As at 31 December 2015

HOLDING	TYPE	SECTOR	VALUE £000's	% OF COMPANY NAV
Dewan Housing	Mid Cap	Financials	2,775	4.59
Jyothy Laboratories	Small Cap	Consumer staples	2,659	4.40
Kajaria Ceramics	Mid Cap	Industrials	2,605	4.31
Federal Bank	Mid Cap	Financials	2,392	3.95
Divis Laboratories	Large Cap	Healthcare	2,291	3.79
PI Industries	Mid Cap	Materials	2,244	3.71
Yes Bank	Large Cap	Financials	2,214	3.66
IndusInd Bank	Large Cap	Financials	2,187	3.62
Max India	Mid Cap	Financials	2,082	3.44
Berger Paints India	Mid Cap	Materials	2,077	3.43
Total top 10 equity investments			**23,526**	**38.90**
Other Small Cap	(13 companies)		8,843	14.62
Other Mid Cap	(9 companies)		20,693	34.21
Other Large Cap	(5 companies)		5,189	8.58
Total equity investments			**58,251**	**96.31**
Cash less other net current liabilities of ICG Q Limited			2,258	3.74
Total net assets of ICG Q Limited			**60,509**	**100.05**
Cash less other net current liabilities of the Company			(29)	(0.05)
Total Net Assets			**60,480**	**100.00**

Note:

Large Cap - companies with a market capitalisation above INR250bn (£2.5bn)	19.64%
Mid Cap - companies with a market capitalisation between INR60bn and INR250bn (£600m - £2.5bn)	57.65%
Small Cap - companies with a market capitalisation below INR60bn (£600m)	19.02%
	96.31%

Portfolio statement

As at 31 December 2015

HOLDING	NOMINAL	VALUE £000's	% OF COMPANY NAV
Listed Securities			
Consumer discretionary			
Balkrishna Industries	592,400	1,479	2.44
Dish TV India	2,121,212	1,984	3.28
Exide Industries	1,034,000	1,727	2.86
Mahindra CIE Auto	570,250	1,532	2.53
Motherson Sumi Systems	314,723	2,047	3.39
		8,769	**14.50**
Consumer staples			
Dabur India	387,640	1,092	1.80
Emami	240,000	1,433	2.37
Jyothy Laboratories	621,781	2,659	4.40
Radico Khaitan	86,000	851	1.41
		6,035	**9.98**
Financials			
Arihant Foundations & Housing	55,000	302	0.50
City Union Bank	400,000	1,874	3.10
Dewan Housing	570,890	2,775	4.59
Federal Bank	2,010,000	2,392	3.95
Indian Bank	222,000	822	1.36
IndusInd Bank	1,363,293	2,187	3.62
Max India	128,996	2,082	3.44
Sobha Developers	400,000	1,672	2.77
Yes Bank	270,000	2,214	3.66
		16,320	**26.99**
Healthcare			
Ajanta Pharma	110,000	1,490	2.46
Divis Laboratories	97,550	2,291	3.79
Lupin	440,000	1,494	2.47
Neuland Laboratories	383,505	1,047	1.73
		6,322	**10.45**

As at 31 December 2015

HOLDING	NOMINAL	VALUE £000's	% OF COMPANY NAV
Industrials			
Eicher Motors	12,520	1,474	2.44
Finolex Cables	556,597	1,432	2.37
Good Luck Steel Tubes	871,442	380	0.63
Gujarat Pipavav Port	688,913	986	1.63
Jain Irrigation Systems	859,831	796	1.32
Kajaria Ceramics	68,000	2,605	4.31
Voltas	270,000	1,319	2.18
		8,992	**14.88**
IT			
KPIT	110,000	1,285	2.12
NIIT Technologies	560,000	962	1.59
Tech Mahindra	270,000	1,665	2.75
		3,912	**6.46**
Materials			
Berger Paints India	257,000	2,078	3.44
JK Lakshmi Cement	302,835	894	1.48
PI Industries	277,398	2,244	3.71
Ramkrishna Forgings	386,702	1,077	1.77
The Ramco Cements	270,000	1,608	2.65
		7,901	**13.05**
Total equity investments		**58,251**	**96.31**
Cash and other net current assets of ICG F and its subsidiary		2,258	3.74
Total net assets of ICG Q Limited		**60,509**	**100.05**
Cash and other net current assets of the Company		(29)	(0.05)
Total Net Assets		**60,480**	**100.00**

India Capital Growth Fund

Audited statement of comprehensive income

For the year ended 31 December 2015

	NOTES	REVENUE £000	CAPITAL £000	YEAR TO 31.12.15 TOTAL £000	YEAR TO 31.12.14 TOTAL £000
Income					
Net gains on financial asset at fair value through profit or loss	5	–	5,073	5,073	21,278
Total income		**–**	**5,073**	**5,073**	**21,278**
Expenses					
Operating expenses	3	(285)	–	(285)	(320)
Foreign exchange losses		(1)	–	(1)	(1)
Other professional fees		–	–	–	(117)
Total expenses		**(286)**	**–**	**(286)**	**(438)**
(Loss)/profit for the year before taxation		(286)	5,073	4,787	20,840
Taxation	6	–	–	–	–
(Loss)/profit for the year after taxation		**(286)**	**5,073**	**4,787**	**20,840**
Earnings per Ordinary Share (pence)	4			6.38	27.79
Fully diluted earnings per Ordinary Share (pence)	4			6.38	27.79

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 fully diluted earnings per Ordinary Share in respect of the year ended 31 December 2014 was incorrectly calculated and stated in the Annual Report 2014 and has been restated to show the correct figure (see note 4).

The notes on pages 34 to 43 form part of these financial statements.

Audited statement of financial position

As at 31 December 2015

	NOTES	31.12.15 £000	31.12.14 £000
Non-current assets			
Financial assets designated at fair value through profit or loss	5	60,509	55,776
Current assets			
Cash and cash equivalents	1	96	48
Receivables	7	21	8
		117	56
Current liabilities			
Payables	8	(146)	(139)
Net current liabilities		(29)	(83)
Total assets less current liabilities		60,480	55,693
Equity			
Ordinary share capital	10	750	750
Reserves		59,730	54,943
Total equity		60,480	55,693
Number of Ordinary Shares in issue	10	**75,001,463**	**75,001,463**
Net Asset Value per Ordinary Share (pence) – Undiluted	10	**80.64**	**74.26**
Net Asset Value per Ordinary Share (pence) – Diluted	10	**74.09**	**69.83**

The audited financial statements on pages 30 to 43 were approved by the Board of Directors on 16 March 2016 and signed on its behalf by:

Peter Niven

John Whittle

The notes on pages 34 to 43 form part of these financial statements.

Audited statement of changes in equity

For the year ended 31 December 2015

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2015		750	(9,313)	(8,594)	72,850	55,693
Gain on investments	5	–	5,073	–	–	5,073
Revenue loss for the year after taxation		–	-	(286)	–	(286)
Balance as at 31 December 2015		**750**	**(4,240)**	**(8,880)**	**72,850**	**60,480**

For the year ended 31 December 2014

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2014 (restated)*		750	(30,591)	(8,156)	72,850	34,853
Gain on investments	5	–	21,278	–	–	21,278
Revenue loss for the year after taxation		–	-	(438)	–	(438)
Balance as at 31 December 2014		**750**	**(9,313)**	**(8,594)**	**72,850**	**55,693**

* The balance as at 1 January 2014 was restated as a result of the adoption of IFRS 10 from 1 January 2013.

The notes on pages 34 to 43 form part of these financial statements.

India Capital Growth Fund

Audited statement of cash flows

For the year ended 31 December 2015

	NOTES	YEAR TO 31.12.15 £000	YEAR TO 31.12.14 £000
Cash flows from operating activities			
Operating profit		4,787	20,840
Adjustment for:			
Net gain on financial asset at fair value through profit or loss		(5,073)	(21,278)
Foreign exchange losses		1	1
(Increase)/decrease in receivables		(13)	7
Increase/(decrease) in payables		7	(57)
Net cash outflow from operating activities		(291)	(487)
Cash flows from investing activities			
Sale of investments		340	475
Net increase/(decrease) in cash and cash equivalents during the year		**49**	**(12)**
Cash and cash equivalents at the start of the year		48	61
Foreign exchange losses		(1)	(1)
Cash and cash equivalents at the end of the year		**96**	**48**

The notes on pages 34 to 43 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2015

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 2015 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 January 2014 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 profit or loss and other comprehensive income between items of a revenue and capital nature has been presented alongside the statement of comprehensive income.

Going concern
The Board have concluded the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern for the next 12 months.

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 at the corresponding valuation date.

(iv) 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, 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.

1. Accounting Policies (continued)

Investments
The Company's investment is designated at fair value through profit or loss 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 profit or loss and other 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.

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 Admission Document 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.

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.

Receivables and payables
Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Due to their short-term maturities, their fair values approximate their costs.

Payables are recognised initially at fair value and subsequently measured at amortised cost. Due to their short-term maturities, their fair values approximate their costs.

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 presentation 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 of both Ordinary Shares and Subscription Shares issued. The Company's Ordinary Shares and Subscription Shares have had 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.

Standards, interpretations and amendments to published statements not yet effective
Certain current standards, amendments and interpretations are not relevant to the Company's operations. Equally, certain interpretations to existing standards which are not yet effective are equally not relevant to the Company's operations.

1. Accounting Policies (continued)

Standards, interpretations and amendments to published statements not yet effective (continued)
At the date of the authorisation of these financial statements, the following standards and interpretations which were in issue but not yet effective have not been early adopted in these financial statements.

- Amendments to IFRS 7 and IFRS 9 - Mandatory effective date and Transition disclosures is effective for periods beginning on or after 1 January 2018

- Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 is effective for periods beginning on or after 1 January 2018

- IFRS 14 - Regulatory Deferral Accounts is effective for periods beginning on or after 1 January 2016

- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants is effective for periods beginning on or after 1 January 2016

- Amendments to IAS 16 and IAS 38 - Clarification of Accountable Methods of Depreciation and Amortisation is effective for periods beginning on or after 1 January 2016

- Amendments to IFRS 11 - Accounting for Acquisition of Interests in Joint Operations is effective for periods beginning on or after 1 January 2016

- Amendments to IAS 27 - Equity Method in Separate Financial Statements is effective for periods beginning on or after 1 January 2016

- IFRS 9 - Financial Instruments (issued in 2014) is effective for periods beginning on or after 1 January 2018

- IFRS 15 - Revenue from Contracts with Customers beginning on or after 1 January 2018

The Board has not yet assessed the impact of these standards as they have been recently published. The Directors believe that other pronouncements which are in issue but not yet operative or adopted by the Company will not have a material impact on the financial statements of the Company, but these will continue to be reviewed. These are:

- Amendment to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

- Amendment to IAS 32 - Offsetting Financial Assets and Financial Liabilities

- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

- Amendment to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

- IFRIC 21 – Levies

- Amendments to IAS 19 - Defined Benefits Plans: Employee Contributions

- Annual improvements to IFRSs 2010-2012 cycle

- Annual improvements to IFRSs 2011-2013 cycle

2. Significant accounting judgements, estimates and assumptions

IFRS require management to make judgments, estimates and assumptions that effect 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 judgments 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. The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity analysis. And in relation to the valuation of unlisted investment, actual results may differ from the estimates. It is management's judgement that the Net Asset Value (NAV) of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments and therefore no liquidity discount is required.

3. Other expenses

	Year to 31.12.15 £000	Year to 31.12.14 £000
Directors' fees	78	86
D&O insurance	6	6
Administration and secretarial fees	33	39
Audit fee in respect of current year	23	14
Audit fee in respect of prior year	8	-
Broker fee	25	24
Nomad fee	20	20
Registrar fee	10	15
Other professional fees	21	23
General expenses	61	93
	285	320

4. Earnings per share

Earnings per Ordinary Share is calculated on the profit for the period of £4,787,000 (31.12.14 - £20,840,000) divided by the weighted average number of Ordinary Shares of 75,001,463 (31.12.14 - 75,001,463). The fully diluted earnings per Ordinary Share is calculated on the same profit for the period but divided by the diluted weighted average number of Ordinary Shares of 75,001,463 (31.12.14 – 75,001,463). For the years ended 31 December 2015 and 31 December 2014, there was no dilutive impact of the 37,500,710 Subscription Shares on the Earnings per Ordinary Share as the average market price of the Ordinary Shares for the period did not exceed the exercise price of the Subscription Shares of 61 pence.

The Subscription Shares have a subscription date of 6 August 2016. However, if at any time after 6 August 2015 the average middle market quotation for an Ordinary Share for at least 10 consecutive trading days is 5% or more above the subscription price, the Company has the right, but not the obligation, by an announcement on a RIS, to change the subscription date for exercise of the Subscription Shares to an earlier date (being a date not less than 30 days after the Company's announcement) that it is bringing forward the subscription date. In that event, an announcement will be made on a RIS and a notice of the revised subscription date will be given to all holders of the Subscription Shares on the register at 5.00pm on the date falling three business days following the announcement of the revised subscription date.

The fully diluted earnings per Ordinary Share in respect of the year ended 31 December 2014 was incorrectly calculated and stated in the Annual Report 2014 as 20.96 pence and has been restated to show the correct figure of 27.79 pence. Last year, the dilutive impact of the Subscription Shares was stated as 34,416,671 Ordinary Shares but was Nil as the average market price of the Ordinary Shares for the period did not exceed the exercise price of the Subscription Shares of 61 pence.

5. Financial assets designated at fair value through profit or loss

	Unlisted £000	Year to 31.12.15 Total £000	Year to 31.12.14 Total £000
Market value as at 1 January	55,776	55,776	34,973
Sales proceeds	(340)	(340)	(475)
Realised gain on sale of investments	144	144	85
At end of the year	55,580	55,580	34,583
Unrealised gain on revaluation	4,929	4,929	21,193
Fair value at end of year	**60,509**	**60,509**	**55,776**
Fair value of unlisted securities at end of the year		60,509	55,776

The net realised and unrealised gains (totalling £5,073,000) on financial assets at fair value through profit and loss arise from the Company's holding in ICG Q Limited. The movement is driven by the following amounts within the financial statements of ICG Q Limited, as set out below.

	31.12.15 £000	31.12.14 £000
Dividend income	443	512
Other income	1	3
Unrealised gain on financial assets at fair value through profit and loss	1,746	19,399
Realised gain on disposal of investments	3,963	2,217
Investment management fees	(888)	(677)
Other operating expenses	(182)	(132)
Net profit of ICG Q Limited	**5,073**	**21,322**

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.

For the year ended 31 December 2015

6. Taxation

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

For the year ended 31 December 2015, the Company had a tax liability of £nil (year ended 31 December 2014: £nil).

7. Receivables

	31.12.15 £000	31.12.14 £000
Other receivables and prepayments	21	8
	21	**8**

8. Payables

	31.12.15 £000	31.12.14 £000
Other payables and accruals	146	139
	146	**139**

9. Segmental information

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's activities are focused in a single area - Mauritius. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in this Annual Report to disclose the underlying information. Assessment of performance by the Board and investment decisions by the Investment Manager are made on the basis of the portfolio as a whole which is provided on pages 28 and 29.

10. Share capital

Authorised Share Capital
Unlimited number of Ordinary Shares of £0.01 each

Issued Share Capital	Number of shares	Share capital
Ordinary Shares of £0.01 each		
At 31 December 2015	75,001,463	750
At 31 December 2014	75,001,463	750

The Company's capital is represented by Ordinary Shares of par value £0.01, and each share carries one vote. They are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue or repurchase of Ordinary Shares.

For the year ended 31 December 2015

10. Share capital (continued)

There were no movements in the number of Ordinary Shares during 2015 or 2014. The other distributable reserves relate to share premium arising on issuance of Ordinary Shares only.

Subscription Share Capital	Number of shares	Share capital
Subscription shares		
At 31 December 2015	37,500,710	-
At 31 December 2014	37,500,710	-

The Subscription Shares were issued for nil consideration on 6 August 2014 and have a subscription date of 6 August 2016 at a subscription price of 61 pence per share. However, if at any time after 6 August 2015 the average middle market quotation for an Ordinary Share for at least 10 consecutive trading days is 5% or more above the subscription price, the Company has the right, but not the obligation, by an announcement on a RIS, to change the subscription date for exercise of the Subscription Shares to an earlier date (being a date not less than 30 days after the Company's announcement) that it is bringing forward the subscription date. In that event, an announcement will be made on a RIS and a notice of the revised subscription date will be given to all holders of the Subscription Shares on the register at 5.00pm on the date falling three business days following the announcement of the revised subscription date.

The Subscription Shares do not entitle the holders to dividends or voting rights in the Company.

The diluted Net Asset Value per Ordinary Share assumes the Subscription Shares will be fully exercised at 61 pence per share, increasing the Net Assets by £22,875,000 (31.12.14 - £22,875,000) and also increasing the Ordinary Shares in issue by 37,500,710 (31.12.14 – 37,500,710).

11. Fair value of financial instruments

The following tables shows 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 2015 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	–	60,509	–	60,509

The analysis as at 31 December 2014 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	–	55,776	–	55,776

11. Fair value of financial instruments (continued)

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 2015 and 2014. 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.

12. 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 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 Indian companies and did not hold any unlisted securities during the year ended 31 December 2015. 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 2015, 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 Notes to the financial statements

Board also considers from time to time whether it may be appropriate to raise new capital by a further issue of shares as occurred in August 2014 when the Board issued subscription shares on the basis of 1 subscription share for every 2 Ordinary Shares. The intention of the issue is to increase the Company's share capital by up to 50% in order to improve liquidity and reduce operating charges as a percentage of assets under management.

The Company holds a single investment in ICG Q Limited, which holds an underlying portfolio of 37 listed equity instruments based in India. Below is an assessment of the various risks the Company may be exposed to via ICG Q Limited.

Market price risk

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

ICG Q Limited's investment portfolio is 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 2015, comprised investment in 37 companies. ICG Q Limited thus has higher exposure to market risk in relation to individual stocks than more broadly spread portfolios.

12. Financial instruments and risk profile (continued)

Market price risk (continued)
ICG Q Limited's portfolio consists predominantly of mid 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 Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio. Assuming perfect correlation the sensitivity of ICG Q Limited to market price risk can be approximated by applying the percentage of funds invested (31.12.15: 96.31%; 31.12.14: 95.71%) to any movement in the BSE Mid Cap Index. At 31 December 2015, with all other variables held constant, this approximation would produce a movement in the net assets of ICG Q Limited of £5,832,000 (31.12.14: £5,338,000) for a 10% (31.12.14: 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 risk is the risk that the fair value or future cash flows of the financial instruments held by ICG Q Limited will fluctuate 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 2015, if the Indian Rupee had strengthened or weakened by 10% (31.12.14: 10%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £6,045,000 (31.12.14: £5,585,000) 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.

Credit risk
Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with ICG Q Limited. 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 deposits with banks. SBI-SG Global Securities Services Private Limited ("SBI-SG") acts as the principal banker to the Company. The aggregate exposure to the SBI-SG group at 31 December 2015 was £2,272,000 (31.12.14: £2,484,000).

SBI-SG acted as custodian of the Group's assets during the period. The securities held by SBI-SG as custodian are held in trust and are registered in the name of ICG Q Limited. SBI-SG has a credit rating of CRISIL AAA for SBI and A for Societe Generale.

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.

For the year ended 31 December 2015

12. Financial instruments and risk profile (continued)

Liquidity risk

Liquidity risk is the risk that ICG Q Limited will encounter 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.

ICG Q Limited seeks 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.

13. Related party transactions

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 on page 21. The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiaries equivalent to 1.5 per cent. per annum of Total Assets, calculated and payable monthly in arrears. The Investment Manager earned £898,000 (see Note 5) in management fees during the year ended 31 December 2015 (31.12.14: £703,000) of which £77,000 was outstanding at 31 December 2015 (31.12.14: £71,000).

Under the terms of the Administration Agreement, Apex Fund Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a flat 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 £33,000 for administration and secretarial services during the year ended 31 December 2015 (31.12.14: £39,000) of which £2,900 was outstanding at 31 December 2015 (31.12.14: £3,300).

14. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2015 (31.12.14: Nil).

15. Subsequent events

These financial statements were approved for issuance by the Board on 16 March 2016. Subsequent events have been evaluated until this date. There were no subsequent events after year end that required adjustments to the interim financial statements and disclosures to the notes.

PART C

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

India
Capital Growth Fund

Annual report and audited financial statements

For the year ended
31 December 2016

India
Capital Growth Fund

Annual report and
audited financial
statements

For the year ended
31 December 2016

Contents

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John Whittle
Peter Niven

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Chairman's statement

2016 will be remembered as a tumultuous year for investors of every persuasion.

The year began with a vicious sell off across all asset classes, provoked by a renewed spike in global deflationary worries, and ended with Trump's election to the White House, triggering quite the opposite. Such is the nature of markets. Sandwiched between these startling events came the UK's decision to leave the European Union, a momentous decision, which although only needs a passing mention in this report (and thankfully so), created a significant and positive impact on the outlook for the Company. Not only did the weakness of Sterling cause the Indian Rupee to appreciate by 15.2% over the year (supporting a 29% increase in the rebased[1] Net Asset value) but the resultant strength in the Rupee value of the assets prompted the Company's share price to cross the critical threshold of £0.61, dragging the outstanding subscription shares "into the money", and facilitating an increase in the assets under management of close to £23m. Over the year to 31 December, the share price also rose 20%.

I was delighted that this issuance of new ordinary shares was 90% "taken up" by existing subscription shareholders and that the remaining "rump" was immediately placed into good hands, thereby ensuring that, for the first time, total assets in the portfolio exceeded £100m. The fund-raising exercise, initiated by the Board in 2014, forms a part of the longer term strategic plan for the Company, and since this has now been completed, the Investment Manager is undertaking the next part of the plan; namely a focused strategy to drive better share price performance.

Putting this into some context might perhaps be helpful. The first phase, initiated by the appointment of a new Manager in 2010, consisted of a root and branch overhaul of the portfolio and the introduction of a revised, more disciplined investment process. Phase Two involved strengthening the investment advisory team on the ground in Mumbai, and delivering a consistently improved absolute and relative performance which, whilst hopefully remaining as a permanent feature, enabled the third phase, the issuance of subscription shares, subsequently exercised last August.

I now firmly believe that the Company has most of the critical requirements in place to deliver on Phase Four, which is an enduring reduction of the share price discount to the net asset value per share. Since the NAV has now crossed the psychological £100m mark, an important barrier has been overcome, enabling the Company to meet the investible threshold of a far wider group of potential investors and sell side analysts. Underlying liquidity in the stock has also significantly improved. Not only has the average daily traded volume doubled year on year, but the Company's shares have also recently been trading in greater daily volumes than that of our nearest competitor, Aberdeen New India, despite our market capitalisation being substantially smaller. The growth in assets combined with a focussed cost reduction programme over the last three years have lowered the ongoing charges (expense) ratio to 1.96% (down from 2.7% three years ago), thus bringing the cost ratio more in line with the competition; another key part of the longer-term restructuring plan.

Now the time is right to bring the unique qualities of the Company's investment approach, combined with better liquidity and lower costs, to a much broader audience. The Board has implemented a number of initiatives to achieve this. First, Numis Securities has been replaced by Stockdale Securities as the Company's broker. We were grateful for the work that Numis put in on our behalf, particularly in relation the Subscription Share issue, but the Directors were unanimous in their belief that a change was due. Stockdale have brought new energy to the task in hand, noticeably in the area of research distribution, trading and sales, which meets our current aim of becoming better known and better understood.

Second, in conjunction with the Investment Manager, the Board has employed the services of Marten and Co to write regular and detailed research on the Company throughout the year. Marten and Co have a broad and growing distribution reach, notably in the more retail end of the market, and I believe their involvement is already helping to bring our story to a wider audience. Both directing and complementing this effort is Ocean Dial as the Investment Manager, who have initiated a structured marketing plan

[1] The rebased NAV is the fairest representation of the Manager's performance across all periods, excluding the dilutive effect of the new ordinary shares issued on 8 August 2016, following the exercise of subscription rights.

for 2017. This will take India Capital Growth's investment story to a wider investment audience spanning all parts of the country. It must be said that none of this is worth the paper I am writing on, were it not for the fact that as an investment opportunity, India continues to attract growing levels of interest as a credible single country investment destination. More precise details of this can be gleaned from the Investment Manager's report but, after the disappointment of 2015, this year was also tumultuous for India, albeit of a different nature.

Following the State election victories for Prime Minister Modi's ruling party in March, his reform driven agenda gained much needed momentum. Central to this was the passage of the Goods and Services Tax (GST) which, when implemented, will result in huge productivity gains for the Government and corporates alike. In addition, much needed reform of the public banking system was initiated by the Reserve Bank of India (RBI), supported by the Finance Ministry, and further enhanced by the introduction of a new Bankruptcy Law. This remains work in progress, but it was encouraging to see that the changeover at the head of the RBI appears to have done nothing to dampen these efforts. For the first time in three years the country enjoyed a bountiful Monsoon, ensuring a healthy crop yield and refilling reservoirs for future planting seasons. It was this, perhaps, that tipped the balance for PM Modi in deciding to bring about "demonetisation", or the immediate removal of 86% of all currency notes in circulation in early November. The introduction of demonetisation takes "big bang reform" to a higher level, and is ambitious in its attempt to eradicate the shadow economy. Working in tandem with GST, and by encouraging greater use of technology, the Government is proactively forcing individuals and SMEs into the formal banking system thereby helping to eradicate "black money" and corruption.

In spite of these radical reform based policies, India underperformed the broader emerging asset class in 2016. Part of this is because countries such as Brazil and Russia benefited from huge rebounds in the value of their currencies and stock markets as oil and commodity prices recovered from a low base. Not surprisingly, PM Modi's reformist approach has brought about much short-term uncertainty about GDP growth and corporate earnings, and it is inevitable that the market should focus on these issues. But it is this that creates an opportunity, not just to consider India as an investment for the long term, but to continue to do so using India Capital Growth as the most appropriate investment vehicle and I look forward to reporting on the Company's progress at the half way point of 2017.

Finally, on behalf of the Board and the Managers, I would like to thank you all for your encouragement and patience in recent years.

Fred Carr I Chairman
29 March 2017

Investment Manager's report

We started 2016 on the back of expectations of a strong year, supported by the initiatives undertaken by the Modi Government through its various reforms initiated since coming to power in 2014. What we saw instead was one of the most volatile periods in the market, driven to a large extent by global developments, and towards the end of the year, India's own attack on black money through demonetisation. The Net Asset Value (NAV) of the Fund during this period rose 20.4% in Sterling terms, though adjusting for the dilution caused by the exercise of the subscription shares, the rebased NAV was up 28.5%, in line with the Mid Cap Total Return Index, which was up 28.8%. Within this, the appreciation of the Rupee against Sterling accounted for 15% of the returns, while INR returns were 9% for the year. It was the mid cap stocks which once again performed better as the broader market rose only 1.9% during 2016.

The year started (up to mid-February) and ended (from late-October) with dramatic declines not just in India, but across emerging markets. The Chinese slowdown, changing views on US Fed rate hikes and global growth, Brexit and the US elections all contributed to the uncertainty. This is best reflected in FII fund flow movement, with India witnessing a net equity outflow of US$ 2.9bn during January and February, followed by net equity inflows of US$10.3bn during March to September, and once again, net outflows of US$4.6bn in the last three months of 2016. Panic caused by India's demonetisation in November 2016 further added to this uncertainty. Such sharp outflows, should ideally have led to a significantly steeper fall in the Indian markets, but the global outflows were more than matched by net domestic equity inflows, which totalled over US$5bn during the year.

But for the global developments pulling India back, we believe India emerged as a stand out economy in 2016 when compared to other emerging economies. On virtually every macroeconomic parameter there was improvement. The fiscal deficit was well under control at 3.5% of GDP, with a healthy growth in tax revenues (~17%), partly aided by increased taxes on petroleum products. Inflation at 3.4% was at a five year low, prompting a series of cuts in interest rates by the Reserve Bank of India. The current account deficit of 0.5% was also at historic lows when compared to a peak of 5% in 2012. Even the foreign exchange reserves have been sustained at US$360bn+ despite the outflows in the last three months of the year, to the extent that the Rupee was among the most stable currency against the US Dollar during the year. Another significant change being witnessed is the shift in household savings from physical assets (gold / real estate) to financial assets. This is being reflected in deposit growth exceeding credit growth in the banking system, as well as steady inflows in domestic equity mutual funds which are averaging almost US$700m a month. Should this be sustained, it could greatly alter the volatility in the Indian equity market.

The main concern was the persistent slowdown in the growth of the economy. Though India remained the fastest growing economy during the year, even outpacing China, GDP growth at ~7% has been trending downwards. Credit growth at 5% is at a record low. The primary reason is the lack of investment by the private sector, which is still operating at low capacity utilisation or is still in deleveraging mode. The fact that the global economy remained weak did not help matters as export growth was also negative during the year, though the trend has reversed in the last quarter. Consequently the banking sector continues to see record high 'non-performing assets' in the system, and though these have peaked, the trend downward is slow in the absence of credit growth.

Corporate earnings growth for the BSE Sensex companies, which was initially projected at 18%-20% for FY17, is now expected to be closer to 5%-6%.

What was however pleasing was the continued initiatives being taken by the Government in reforms as well as taking the initiative of kick-starting the investment cycle. We are already seeing a sharp upswing in the order flows coming out of the Road and Rail sector. The economy for the first time has a situation of surplus power and even coal output is exceeding demand. Moreover, various initiatives taken by the Government in 'Ease of Doing Business', 'Make in India' etc. continue to gather pace. A test of its success can be seen by the record FDI inflows of US$32bn in the first nine months of the calendar year, an increase of 21% over the same period in 2015.

We would however like to highlight two significant initiatives taken during the year, which we believe will be transformational going forward. The first is the passage of the Goods & Services Tax (GST) bill, which will be implemented from 1 July 2017. This has been almost 10 years in the making, but would possibly be the single biggest reform measure since the economy was opened up in the 1990s. It would provide a uniform tax structure across the country and enhance the efficiency across the system, reducing cost of operations and at the same time creating a level playing field with those avoiding paying taxes. The second measure was the surprise decision of the Government on 8 November to overnight demonetise all outstanding Rs500 and Rs1,000 currency notes. Thus overnight, 86% of currency in circulation by value became non legal tender. With holders of the currency being given 50 days to deposit the currency into the banking system, in one swoop the entire stock of unaccounted currency was forced back into the banking system. Having already built a huge IT infrastructure, the Government is now analyzing the data and hopes to structurally raise the tax to GDP ratio and also transform the economy from a cash economy towards a cashless economy.

These two reform measures, though structurally make India an even more promising growth story in the longer term, have made the short term outlook more challenging, generating uncertainty as well as disruptions. GST, given the scale of implementation and lack of knowledge base, particularly among small and medium enterprises, will have its challenges and push back investment plans. Demonetisation on the other hand has led to huge disruptions across the country. In the first week post-demonetisation, the economy virtually came to a halt. Even two months post, there are still pockets in the country which are severely affected, particularly in rural India. Many smaller businesses will need to permanently change the way they operate, and some may need to shut down. Hence it is only likely to be in H2FY18 that we will see a revival in earnings. At the same time, the global outlook from an Indian perspective is also not as favourable. A rise in commodity prices, protectionist policies by the US (IT and Healthcare are India's biggest exports to the US) and rising interest rates in the US (will hit FII flows) are all headwinds going into 2017.

Portfolio performance

Our strategy of following a bottom-up approach to buying stocks has helped during this period and we have ridden this volatility well. Due to the demonetisation impact on the economy, the forecast earnings growth for companies in our portfolio for FY17 has decreased to 14% vs. 27% at the beginning of the year. However most of the downgrade has been temporary in nature, with little or no impact on their forecast FY18 earnings, which has now grown in excess of 30%.

Positive attribution from the portfolio during the year came from Essel Propack (up 86%), Finolex Cables (up 65%), Max Financial Services (up 64%) and Yes Bank (up 61%), whilst negative attribution came from Ramkrishna Forgings (down 46%), Welspun India (down 35%) and Divis Laboratories (down 31%).

During the year, we entered into five new stocks and exited two. All the companies we have added to the portfolio are businesses which we have been tracking for some time, but waiting for the right entry price. Consequently we deployed all the subscription share proceeds and ended the year with a cash balance of 1.6% of NAV and a portfolio of 41 stocks. Over the next year we plan to reduce the number of stocks in the portfolio.

Portfolio additions and exits

Companies added	Sector	Companies exited	Sector
Essel Propack	Materials	Eicher Motors	Consumer Discretionary
Kitex Garments	Materials	KPIT	IT
Manpasand Beverages	Consumer Staples		
Skipper	Materials		
Welspun India	Consumer Discretionary		

Top 10 companies

COMPANY NAME	% WEIGHT IN PORTFOLIO	SECTOR	DESCRIPTION
Yes Bank	5.1%	Financials	5th largest private sector bank
Federal Bank	4.4%	Financials	Long established private sector bank
Jyothy Laboratories	4.2%	Consumer Staples	Consumer company with interest in fabric care, utensil cleaners, etc.
Dewan Housing	3.9%	Financials	3rd largest private sector housing finance company
Motherson Sumi	3.8%	Consumer Discretionary	India's largest auto wiring company and one of the largest auto component makers
PI Industries	3.4%	Materials	Agrochemical and custom synthesis manufacturer for leading agrochemical innovators globally
Dish TV India	3.3%	Consumer Discretionary	Largest "Direct To Home" TV provider with 27% market share in India
Kajaria Ceramics	3.1%	Industrials	Largest tile manufacturer in India
City Union Bank	2.9%	Financials	Small regional bank focusing on small/ medium enterprises
Indusind Bank	2.9%	Financials	6th largest private sector bank

Ocean Dial Asset Management
29 March 2017

Directors

The Directors as at 31 December 2016, all of whom are non-executive, are as follows:

Fred Carr (Chairman)

Aged 71, Fred was appointed to the Board as Chairman on 17 September 2009. He spent his career in stockbroking and investment management, ultimately (1993 - 2004) as Chief Executive of Carr Sheppards Crosthwaite. He is a Fellow of the Chartered Institute of Securities and Investment. He is a resident of the United Kingdom.

Peter Niven

Aged 62, 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 a resident of Guernsey

John Whittle

Aged 61, 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 a resident of Guernsey.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

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

	COMPANY NAME	STOCK EXCHANGE
Fred Carr		
	M&G High Income Investment Trust Plc	London
Peter Niven		
	F&C Commercial Property Trust Limited	London
	Guernsey Portfolios PCC Limited	TISE
	SQN Asset Finance Income Fund Limited	London
John Whittle		
	Aberdeen Frontier Markets Investment Company Limited	AIM
	GLI Finance Limited	AIM
	Globalworth Real Estate Investments Limited	AIM
	International Public Partnerships Limited	London
	Starwood European Real Estate Finance Limited	London
	Toro Limited	SFS

Directors' report

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 31 December 2016 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 2016, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited. The Company's Ordinary Shares are admitted to trading on the AIM market of the London Stock Exchange ("AIM").

Investment policy

The Company's investment objective is to provide long-term capital appreciation by investing (indirectly) 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 declared policy not to hedge the exposure to the Indian Rupee.

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 2016 (31 December 2015: £nil)

Significant interests

Shareholders who have notified the Company they held an interest of 3% or more of the Ordinary Share Capital of the Company at 31 December 2016 are stated in the table below:

	NUMBER OF SHARES	% HOLDING
Lazard Asset Management	25,329,234	22.51
Gramercy	12,187,294	10.83
LIM Advisors	7,435,698	6.61
Miton Asset Management	6,965,000	6.19
Hargreaves Lansdown	5,364,212	4.77
Aberdeen Emerging Capital	5,106,944	4.54
Rathbones	3,800,449	3.38
Schroder Investment Management	3,606,885	3.21

At 31 December 2016, the Investment Manager, Ocean Dial Asset Management Limited and connected persons (not elsewhere disclosed) held no Ordinary Shares in the Company.

Directors

The names and a short biography of the Directors of the Company, each of whom served throughout the year and to date, are set out on page 9.

On 30 June 2016, Mr Vikram Kaushik resigned from his position as Director of the Company.

Directors' interests

At 31 December 2016, Directors and their immediate families held the following declarable interests in the Company:

	ORDINARY SHARES
Fred Carr	195,000
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 of the Company and its subsidiary for the year ended 31 December 2016 was 1.96% based on average AUM of £80,057,000 (31 December 2015: 2.09% based on average AUM of £59,799.000).

Corporate governance

The AIC Code of Corporate Governance (the "AIC Code") was updated in March 2015 following the issuance of a new UK Corporate Governance Code (the "UK Code") by the UK Financial Reporting Council in September 2014. It is designed to provide Boards of its member investment companies with a framework of best practice in respect of the governance of investment companies. The Company's shares are quoted on AIM, and as such the Company is not formally required to comply with the UK Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and accordingly seek to comply with the principles of the AIC code.

The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC Code"). Companies reporting against the UK Code or the AIC Code are deemed to comply with the GFSC Code.

Corporate governance principles

The Board considers that it has complied with the AIC Code during the year ended 31 December 2016 except that there is no provision in the Company's Articles of Incorporation which requires Directors to seek re-election on a periodic basis, and only Directors appointed to fill a casual vacancy seek re-election at the AGM immediately following their appointment. There is no limit on length of service, nor is there any upper age restriction on Directors. The Board considers that there is significant benefit to the Company arising from continuity and experience among Directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does however believe that shareholders should be given the opportunity to review membership of the Board on a regular basis. The Board has thus resolved that, in addition to the Articles requirement for re-election at the AGM immediately following appointment, any Director who has served for more than nine years should offer him or herself for re-election annually, and that one third of the remaining Directors should retire by rotation at each AGM and be eligible to seek re-election.

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 Fred Carr. 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 Mr Carr 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.

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
Fred Carr (Chairman)	4	4	-	-
Vikram Kaushik	2	2	-	-
Peter Niven	4	4	2	2
John Whittle	4	4	2	2

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 2016 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 it fulfils the role of the 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.

Remuneration Committee

As the Directors are non-executive and few in number, the Board has decided that it is not appropriate to form a separate Remuneration Committee. Remuneration is reviewed annually and discussed by the Board as a whole with independent input.

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 Peter Niven (Chairman) and John Whittle. 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 on pages 19 to 21.

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 has drawn up a risk assessment matrix, which identifies the key risks to the Company. These fall into the following broad categories:

- Investment Risks: The Company is exposed to the risk that its portfolio fails to perform in line with the investment objectives and policy if it is inappropriately invested or markets move adversely. 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.

- Operational Risks: 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.

- Accounting, Legal and Regulatory Risks: The Company is exposed to risk if it fails to comply with the AIM Rules of Companies and the Guernsey, Mauritian and Indian laws and regulations or if it fails to maintain accurate accounting records. The Investment Manager and Administrator provides the Board with regular reports on changes in regulations and accounting requirements.

- Political and Economic risks: 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

- Taxation Risks: The Company is exposed to the risk of additional taxation charges from several geographical jurisdictions in which the Company, its service providers or its investment portfolio resides. The risk that appropriate tax residency is not maintained may result from poor administration or by changes in Government policy. The board receives quarterly updates from the Investment Manager and the Administrator who is responsible for tax residence administration.

- Financial Risks: The financial risks, including market, foreign currency, credit and liquidity risk, faced by the Company, where appropriate, are set out in note 12 to the financial statements. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting.

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations and will update the risk assessment matrix to reflect any changes to the control environment.

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.

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, 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 Ltd., which is registered as a custodian with the Securities and Exchange Board of India (SEBI).

The Board has instituted a formal annual review of the performance of all material external service providers and of the related contractual terms.

Investment management

The Investment Manager is entitled to receive a management fee payable jointly by the Company and the Mauritian subsidiary, ICG Q Limited, equivalent to 1.5% per annum of the Company's Gross Asset Value, calculated and payable monthly in arrears. The Company's Gross Asset Value consists of the Net Assets of the Company 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.

No separate Management Engagement Committee has been constituted as the monitoring of management is considered a primary function of the Board. 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. The Board also reviews at least annually, the performance of its key service providers.

The Investment Management Agreement continues in force until determined by the Investment Manager or the Company giving not less than 12 months' notice to the other party.

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 a semi-annual basis 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 ICG Q Limited's, the Company's wholly-owned subsidiary, holdings in Indian listed companies.

Alternative Investment Fund Managers Directive ("AIFMD")

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

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

Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standard ("CRS")

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.

The Company has also made arrangements to collect certain information about the tax residency of each investor as required by the regulations of CRS.

Shareholder communications

A report on Shareholder communications is considered at each quarterly Board Meeting. A monthly Fact Sheet is published on the Company's website reporting the month-end Net Asset

Value and with a commentary on performance. In addition, the Investment Manager reports a daily estimated, unaudited 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 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 2016.

In order to ensure the Board members have an understanding of the views of the major shareholders about their Company, the Investment Manager and the Corporate Broker, who regularly engage with those shareholders, both report those views to the Board Members at each board meeting.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements since the assets of the Company's wholly-owned subsidiary consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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 Company's "Three Yearly Performance Assessment" as agreed at the 2014 AGM. In making this assessment, the Directors have considered detailed information provided at board meetings which include the Company's balance sheet, market capitalisation, share price discount, investment performance and in particular, performance against the BSE Mid Cap Total Return Index, investment portfolio liquidity, income and operating expenses. Based on the above, but critically, subject to the Company achieving its Three Year Perfomance Assessment in August 2017 or, if it does not, the shareholders agreeing to the continuation of the Company at its AGM in September 2017, 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 three year period of this assessment, assuming there are no significant changes in the global financial markets over the three year period.

Approved by the Board of Directors and signed on behalf of the Board on 29 March 2017

Peter Niven **John Whittle**

Statement of Directors' Responsibility in respect of the Annual Audited Financial Statements

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 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 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

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.

Approved by the Board of Directors and signed on behalf of the Board on 29 March 2017

Peter Niven **John Whittle**

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
Since the Directors are non-executive and few in number, the Company has not established a Remuneration Committee.

The Company's Articles of Incorporation provide 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 £100,000 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
As a result of its annual review of Directors' remuneration, the Board as a whole determined to increase directors' fees with effect from 1 January 2016. Directors' fees for the years ended 31 December 2016 and 31 December 2015 are listed below:

	FOR THE YEAR ENDED 31 DEC 2016 £	FOR THE YEAR ENDED 31 DEC 2015 £
Fred Carr (Chairman)	**28,000**	25,000
Peter Niven (Chairman of the Audit Committee)	**22,000**	19,000
Vikram Kaushik (resigned on 30 June 2016)	**10,000**	18,000
John Whittle	**20,000**	16,000

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.

Report of the Audit Committee

Introduction

The Audit Committee (the "Committee") Report for 2016 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 Peter Niven and the other member is 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 Audit 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 table on page 12 sets out the number of Audit Committee meetings held during the year ended 31 December 2016 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 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 2016.

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, which is yet to be finalised. 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 Audit Committee which also reviews the terms under which the independent auditor is appointed to perform non-audit services. The outsourcing of any non-audit service to 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 that the fees paid by the Company listed on page 38 are currently below the specified threshold, the Company can be deemed to not be in breach of independence and objectivity.

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 ICG Q Limited's holdings and the Company's 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, it was determined that no illiquidity discount would be applied in determining the fair value of the Company's investment in ICG Q Limited.

The foregoing matter was discussed during the planning and final stage of the audit and there were no significant 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 Investment 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 an evaluation of the performance of the independent auditor.

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:

	2016 £	2015 £
Annual Audit	**22,500**	22,500
Interim Review	**3,500**	3,500
Tax Services - FATCA review	**-**	4,500

India Capital Growth Fund

Internal Control

The Audit Committee has examined the need for an internal audit function. The Audit Committee considered that the systems and procedures employed by the 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 Audit Committee examined externally prepared assessments of the control environment in place at the Investment Manager and the Administrator with the latter providing an independent service auditor's report in accordance with ISAE 3402 for the year ended 30 September 2016.

Conclusion and Recommendation

After consultations with the Independent Auditor as necessary and reviewing various reports from the Manager such as the quarterly performance reports, portfolio attribution, portfolio turnover reporting and assessing the Significant Financial Statement Issues listed on page 20, the Audit 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 Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

Peter Niven
Audit Committee Chairman
29 March 2017

Independent auditor's report

Independent auditor's report to the members of India Capital Growth Fund Limited

Opinion on financial statements of India Capital Growth Fund Limited ("the Company")
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the its profit 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 as amended.

The financial statements that we have audited comprise:

the Statement of Comprehensive Income;
the Statement of Changes in Equity;
the Statement of Financial Position;
the Statement of Cash Flows; and
the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.
any of the prohibited non-audit services referred to in those standards.

Summary of our audit approach

Key risk	The key risk that we identified in the current year relates to the valuation of the Company's investment in its subsidiary, ICG Q Limited.
Materiality	The materiality that we used in the current year was £1,004k which was determined on the basis of 1% of Net Assets.
Scoping	The Company holds the underlying investment in ICG Q Limited. Deloitte Guernsey carried out the substantive audit work of both the Company and ICG Q Limited.
Significant changes in our approach	Our audit approach is consistent to that in the prior financial year.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the company

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 1 to the financial statements and the directors' statement on the longer-term viability of the company contained within the Directors' report on page 16.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the directors' confirmation on page 14 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 disclosures on pages 13 to 14 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in Note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 16 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 confirm that we have nothing material to add or draw attention to in respect of these matters.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards.

We confirm that we are independent of the company and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk description	How the scope of our audit responded to the risk
Valuation of the Company's Investment in its Subsidiary The Company's investment in its subsidiary has a fair value of £100.4m (2015: £60.5m) as at 31 December 2016. This is comprised solely of an equity investment in the Company's wholly owned subsidiary, ICG Q Limited ("ICGQ"). The fair value of ICGQ reflects the underlying fair value of its net assets. ICGQ'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 11 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 an area of focus as they drive the net asset value of ICGQ and ultimately of the Company.	In order to test the investments balance as at 31 December 2016 we performed the following procedures: ■ Assessed the design and implementation of 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 ICGQ as at 31 December 2016 to an independently received custodian confirmation; ■ Obtained independent pricing information as at 31 December 2016 in order to recalculate the fair value of all of the investments held by ICGQ; ■ Tested the initial cost and cut-off of investment transactions by agreeing the purchase and sale of a sample of ICGQ's equity shares to independent confirmations; ■ We reviewed trading volumes for a sample of investments and enquired as to any liquidity issues with management; and ■ We have reconciled the carrying value of the Company's investment to the net asset value of ICG Q Limited.
Key observations	Based on our audit work, we concurred with the directors that the valuation of the investment was appropriate.

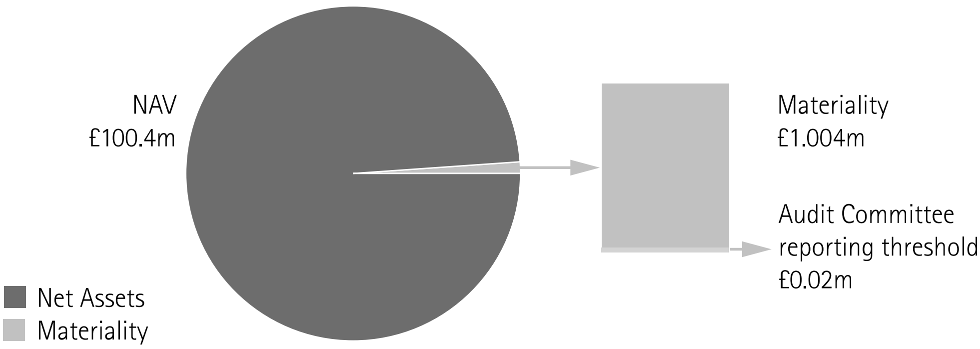
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of 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	£1,004,000 (2015: £604,000)
Basis for determining materiality	1% of Net Assets, which is consistent with the prior year. The increase in materiality is solely driven by the increase in net assets.
Rationale for 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 entities



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000 (2015: £12,000 agreed by the previous auditor), 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.

An overview of the scope of our audit

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 carried out the substantive audit work of both the Company and ICG Q Limited and have therefore audited both companies 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.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies (Guernsey) Law, 2008 as amended 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; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We confirm that we have not identified such inconsistencies or misleading statements.

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.

We have nothing to report arising from our review

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008 as amended. 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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Becker (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
St Peter Port, Guernsey

29 March 2017

The maintenance and integrity of the India Capital Growth Fund Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal investments of ICG Q Limited

As at 31 December 2016

HOLDING	MARKET CAP SIZE	SECTOR	VALUE £000	% OF COMPANY NAV
Yes Bank	L	Financials	5,129	5.10
Federal Bank	S	Financials	4,407	4.39
Jyothy Laboratories	S	Consumer Staples	4,237	4.22
Dewan Housing	S	Financials	3,943	3.92
Motherson Sumi Systems	M	Consumer Discretionary	3,858	3.84
PI Industries	S	Materials	3,387	3.37
Dish TV India	S	Consumer Discretionary	3,363	3.35
Kajaria Ceramics	S	Industrials	3,070	3.06
City Union Bank	S	Financials	2,963	2.95
Indusind Bank	L	Financials	2,948	2.93
Welspun India	S	Consumer Discretionary	2,904	2.89
Max Financial Services	M	Financials	2,829	2.82
Finolex Cables	S	Industrials	2,760	2.75
Tech Mahindra	L	IT	2,719	2.71
NIIT Technologies	S	IT	2,673	2.66
The Ramco Cements	S	Materials	2,672	2.66
Sobha Developers	S	Real Estate	2,650	2.64
Essel Propack	S	Materials	2,636	2.62
Exide Industries	M	Consumer Discretionary	2,624	2.61
Berger Paints India	M	Materials	2,473	2.46
Total top 20 equity investments			**64,245**	**63.94**

Refer to page 30 for market capitalisation size definitions.

Portfolio statement of ICG Q Limited

As at 31 December 2016

HOLDING	MARKET CAP SIZE	NOMINAL	VALUE £000	% OF COMPANY NAV
Listed securities				
Consumer discretionary				
Balkrishna Industries	S	149,421	1,975	1.95
Dish TV India	S	3,314,606	3,363	3.35
Exide Industries	M	1,215,336	2,624	2.61
Kitex Garments	S	426,000	2,076	2.07
Mahindra CIE Auto	S	870,000	1,916	1.91
Motherson Sumi Systems	M	985,827	3,858	3.84
UFO Moviez India	S	39,956	197	0.20
Welspun India	S	3,624,271	2,904	2.89
			18,913	**18.82**
Consumer staples				
Dabur India	L	590,000	1,967	1.95
Emami	M	195,000	2,224	2.21
Jyothy Laboratories	S	1,043,355	4,237	4.22
Manpasand Beverages	S	300,000	1,985	1.98
Radico Khaitan	S	700,000	940	0.94
			11,353	**11.30**
Financials				
City Union Bank	S	1,913,676	2,963	2.95
Dewan Housing	S	1,350,000	3,943	3.92
Federal Bank	S	5,500,000	4,407	4.39
Indian Bank	S	754,400	1,997	1.99
Indusind Bank	L	222,000	2,948	2.93
Max Financial Services	M	430,000	2,829	2.82
Yes Bank	L	370,000	5,129	5.10
			24,216	**24.10**
Healthcare				
Ajanta Pharma	M	60,000	1,282	1.28
Divis Laboratories	M	245,100	2,303	2.29
Lupin	L	108,934	1,942	1.93
Neuland Laboratories	S	128,996	1,596	1.59
			7,123	**7.09**
Industrials				
Finolex Cables	S	556,597	2,760	2.75
Jain Irrigation Systems	S	2,190,000	2,313	2.30
Industrials continued				
Kajaria Ceramics	S	550,000	3,070	3.06

Portfolio statement of ICG Q Limited (continued)

HOLDING	MARKET CAP SIZE	NOMINAL	VALUE £000	% OF COMPANY NAV
Voltas	S	454,570	1,788	1.77
			10,464	**10.41**
IT				
NIIT Technologies	S	525,000	2,673	2.66
Tech Mahindra	L	464,000	2,719	2.71
			5,392	**5.37**
Materials				
Berger Paints India	M	980,000	2,473	2.46
Essel Propack	S	898,260	2,636	2.62
Good Luck India	S	518,343	542	0.54
JK Lakshmi Cement	S	500,000	2,101	2.09
PI Industries	S	340,000	3,387	3.37
Ramkrishna Forgings	S	700,000	2,376	2.36
Skipper	S	1,305,000	2,171	2.16
The Ramco Cements	S	406,702	2,672	2.66
			18,358	**18.27**
Real Estate				
Arihant Foundations & Housing	S	592,400	406	0.40
Sobha Developers	S	900,000	2,650	2.64
			3,056	**3.04**
Total equity investments			**98,875**	**98.41**
Cash less other net current liabilities of ICG Q Limited			1,499	1.49
Total net assets of ICG Q Limited			**100,374**	**99.90**
Cash less other net current liabilities of the Company			104	0.10
Total Net Assets			**100,478**	**100.00**

Market capitalisation

L: Large cap – companies with a market capitalisation above US$7bn (£5.6bn)	16.84
M: Mid cap – companies with a market capitalisation between US$2bn and US$7bn (£1.6bn - £5.6bn)	36.17
S: Small cap – companies with a market capitalisation below US$2bn (£1.6bn)	45.40
	98.41

The information above relates to the investment portfolio held by ICG Q Limited, the Company's wholly owned subsidiary.

Audited statement of comprehensive income

For the year ended 31 December 2016

	NOTES	REVENUE £000	CAPITAL £000	YEAR TO 31.12.16 TOTAL £000	YEAR TO 31.12.15 TOTAL £000
Income					
Net gains on financial asset at fair value through profit or loss	5	**–**	**17,385**	**17,385**	5,073
Total income		**–**	**17,385**	**17,385**	5,073
Expenses					
Operating expenses	3	**(336)**	**–**	**(336)**	(285)
Foreign exchange loss		**(2)**	**–**	**(2)**	(1)
Investment management fees		**76**	**–**	**76**	-
Total expenses		**(262)**	**–**	**(262)**	(286)
(Loss)/profit for the year before taxation		**(262)**	**17,385**	**17,123**	4,787
Taxation	6	**–**	**–**	**–**	-
(Loss)/profit for the year after taxation		**(262)**	**17,385**	**17,123**	4,787
Earnings per Ordinary Share (pence)	**4**			**19.04**	6.38
Fully diluted earnings per Ordinary Share (pence)	**4**			**19.04**	6.38

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 35 to 44 form part of these financial statements.

Audited statement of financial position

As at 31 December 2016

	NOTES	31.12.16 £000	31.12.15 £000
Non-current assets			
Financial assets designated at fair value through profit or loss	5	**100,374**	60,509
Current assets			
Cash and cash equivalents		**144**	96
Receivables	7	**139**	21
		283	117
Current liabilities			
Payables	8	**(179)**	(146)
Net current assets/(liabilities)		**104**	(29)
Net assets		**100,478**	60,480
Equity			
Ordinary share capital	10	**1,125**	750
Reserves		**99,353**	59,730
Total equity		**100,478**	60,480
Number of Ordinary Shares in issue	10	**112,502,173**	75,001,463
Net Asset Value per Ordinary Share (pence) – Undiluted		**89.31**	80.64
Net Asset Value per Ordinary Share (pence) – Diluted		**89.31**	74.09

The audited financial statements on pages 31 to 44 were approved by the Board of Directors on 29 March 2017 and signed on its behalf by:

Peter Niven **John Whittle**

The notes on pages 35 to 44 form part of these financial statements.

India Capital Growth Fund

Audited statement of changes in equity

For the year ended 31 December 2016

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	SHARE PREMIUM £000	TOTAL £000
Balance as at 1 January 2016		750	(4,240)	(8,880)	72,850	60,480
Issue of shares	10	375	-	-	22,500	22,875
Gain on investments	5	-	17,385	-	-	17,385
Revenue loss for the period after taxation		-	-	(262)	-	(262)
Balance as at 31 December 2016		**1,125**	**13,145**	**(9,142)**	**95,350**	**100,478**

For the year ended 31 December 2015

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	SHARE PREMIUM £000	TOTAL £000
Balance as at 1 January 2015		750	(9,313)	(8,594)	72,850	55,693
Gain on investments	5	-	5,073	-	-	5,073
Revenue loss for the period after taxation		-	-	(286)	-	(286)
Balance as at 31 December 2015		**750**	**(4,240)**	**(8,880)**	**72,850**	**60,480**

The notes on pages 35 to 44 form part of these financial statements.

Audited statement of cash flows

For the year ended 31 December 2016

	YEAR TO 30.12.16 £000	YEAR TO 31.12.15 £000
Cash flows from operating activities		
Operating profit	**17,123**	4,787
Adjustment for:		
Net gain on financial asset at fair value through profit or loss	**(17,385)**	(5,073)
Foreign exchange losses	**2**	1
Increase in receivables	**(118)**	(13)
Increase in payables	**33**	7
Net cash flows from operating activities	**(345)**	(291)
Cash flows from financing activities		
Proceeds from issue of shares	**22,875**	-
Net cash flows from financing activities	**22,875**	-
Cash flows from investing activities		
Sale of investments	**120**	340
Purchase of investments	**(22,600)**	-
Net cash flows from investing activities	**(22,480)**	340
Net increase in cash and cash equivalents during the year	**50**	49
Cash and cash equivalents at the start of the year	**96**	48
Foreign exchange losses	**(2)**	(1)
Cash and cash equivalents at the end of the year	**144**	96

The notes on pages 35 to 44 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

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 2016 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 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
The Board has concluded the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern for the next 12 months.

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 at the corresponding valuation date.

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, 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 investment is designated at fair value through profit or loss 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.

1. Accounting Policies (continued)

Investments

The Company's investment is designated at fair value through profit or loss 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.

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 Admission Document 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.

Receivables and payables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Due to their short-term maturities, their fair values approximate their costs.

Payables are recognised initially at fair value and subsequently measured at amortised cost. Due to their short-term maturities, their fair values approximate their costs.

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 presentation 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 consists of Ordinary Shares which have all the features and have met all the conditions for classification as an equity instrument under IAS 32 (amended) and have been classified as such in the financial statements.

Standards, interpretations and amendments to published statements not yet effective

Certain current standards, amendments and interpretations are not relevant to the Company's operations. Equally, certain interpretations to existing standards which are not yet effective are equally not relevant to the Company's operations.

1. Accounting Policies (continued)

Standards, interpretations and amendments to published statements not yet effective (continued)
At the date of the authorisation of these financial statements, the following standards and interpretations which were in issue but not yet effective have not been early adopted in these financial statements.

- Amendments to IFRS 7 and IFRS 9 - Mandatory effective date and Transition disclosures is effective for periods beginning on or after 1 January 2018
- Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 is effective for periods beginning on or after 1 January 2018
- IFRS 14 - Regulatory Deferral Accounts is effective for periods beginning on or after 1 January 2016
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants is effective for periods beginning on or after 1 January 2016
- Amendments to IAS 16 and IAS 38 - Clarification of Accountable Methods of Depreciation and Amortisation is effective for periods beginning on or after 1 January 2016
- Amendments to IFRS 11 - Accounting for Acquisition of Interests in Joint Operations is effective for periods beginning on or after 1 January 2016
- Amendments to IAS 27 - Equity Method in Separate Financial Statements is effective for periods beginning on or after 1 January 2016
- IFRS 9 - Financial Instruments (issued in 2014) is effective for periods beginning on or after 1 January 2018
- IFRS 15 - Revenue from Contracts with Customers beginning on or after 1 January 2018

The Board has not yet assessed the impact of these standards as they have been recently published. The Directors believe that other pronouncements which are in issue but not yet operative or adopted by the Company will not have a material impact on the financial statements of the Company, but these will continue to be reviewed. These are:-

- Amendment to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to IAS 32 - Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities
- Amendment to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies
- Amendments to IAS 19 - Defined Benefits Plans: Employee Contributions
- Annual improvements to IFRSs 2010-2012 cycle
- Annual improvements to IFRSs 2011-2013 cycle

For the year ended 31 December 2016

2. Significant accounting judgements, estimates and assumptions

IFRS require management to make judgments, estimates and assumptions that effect 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 judgments 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. The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity. In relation to the valuation of unlisted investment, actual results may differ from the estimates. It is management's judgement that the Net Asset Value (NAV) of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments and therefore no liquidity discount is required.

3. Operating expenses

	YEAR TO 30.12.16 £000	YEAR TO 30.12.15 £000
Directors' fees	**80**	78
D&O insurance	**6**	6
Administration and secretarial fees	**40**	33
Audit fee in respect of current year	**22**	23
Audit fee in respect of prior year	**-**	8
Broker fee	**36**	25
Nomad fee	**21**	20
Registrar fee	**4**	10
Other professional fees	**4**	21
Marketing expenses	**16**	-
Regulatory fees	**16**	12
General expenses	**53**	49
Cost of issuing new shares	**38**	-
	336	285

4. Earnings per share

Earnings per Ordinary Share and the fully diluted earnings per Ordinary Share are calculated on the profit for the year of £17,123,000 (31.12.15 - £4,787,000) divided by the weighted average number of Ordinary Shares of 89,950,429 (31.12.15 - 75,001,463). There was no dilutive impact of the 37,500,710 Subscription Shares in issue which were exercised and cancelled in August 2016.

For the year ended 31 December 2016

5. Financial assets designated at fair value through profit or loss

	YEAR TO 30.12.16 TOTAL £000	YEAR TO 30.12.15 TOTAL £000
Market value as at 1 January	**60,509**	55,776
Ordinary Share issue	**22,600**	-
Sale proceeds	**(120)**	(340)
Realised gain on sale of investments	**52**	144
	83,041	55,580
Unrealised gain on revaluation	**17,333**	4,929
Fair value at end of year	**100,374**	60,509

The net realised and unrealised gains totalling £17,385,000 (2015: £5,073,000) on financial assets at fair value through profit and loss arise from the Company's holding in ICG Q Limited. The movement is driven by the following amounts within the financial statements of ICG Q Limited, as set out below.

	YEAR TO 30.12.16 TOTAL £000	YEAR TO 30.12.15 TOTAL £000
Dividend income	**636**	443
Other income and net foreign exchange gain/(loss)	**627**	(76)
Unrealised gain on financial assets at fair value through profit and loss	**14,193**	1,746
Realised gain on disposal of investments	**3,295**	3,963
Transaction and other investment costs	**(93)**	(41)
Investment management fees	**(1,206)**	(898)
Operating expenses	**(67)**	(64)
Net profit of ICG Q Limited	**17,385**	5,073

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 it has a controlling interest in ICG Q Limited.

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 2016, the Company had a tax liability of £nil (year ended 31 December 2015: £nil).

For the year ended 31 December 2016

7. Receivables

	YEAR TO 30.12.16 TOTAL £000	YEAR TO 30.12.15 TOTAL £000
Other receivables and prepayments	**139**	21

8. Payables

	YEAR TO 30.12.16 TOTAL £000	YEAR TO 30.12.15 TOTAL £000
Other creditors	**179**	146

9. Segmental information

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's activities are focused in a single area - Mauritius. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in this Annual Report to disclose the underlying information. Assessment of performance by the Board and investment decisions by the Investment Manager are made on the basis of the portfolio as a whole which is provided on pages 29 and 30.

10. Share capital

Authorised Share Capital
Unlimited number of Ordinary Shares of £0.01 each

	NUMBER OF SHARES	SHARE CAPITAL £000
At 31 December 2016	**112,502,173**	**1,125**
At 31 December 2015	75,001,463	750

On 6 August 2014, the Company undertook a 1 for 2 bonus issue of Subscription Shares to Ordinary Shareholders. During the year, the Subscription Shares were exercised and paid in full at 61 pence per share, increasing the Ordinary Shares in issue by 37,500,710.

11. Fair value of financial instruments

The following tables shows 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 2016 is as follows:

	LEVEL 1 £000	LEVEL 2 £000	LEVEL 3 £000	TOTAL £000
Unlisted securities	**–**	**100,374**	**–**	**100,374**

The analysis as at 31 December 2015 is as follows:

	LEVEL 1 £000	LEVEL 2 £000	LEVEL 3 £000	TOTAL £000
Unlisted securities	-	60,509	-	60,509

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 2016 and 2015. 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.

12. 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 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 2016. 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:

12. Financial instruments and risk profile (continued)

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 2016, 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 holds a single investment in ICG Q Limited, which holds an underlying portfolio of 41 listed equity instruments based in India. Below is an assessment of the various risks the Company may be exposed to via ICG Q Limited.

Market price risk

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

ICG Q Limited's investment portfolio is 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 2016, comprised investment in 41 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 ICG Q Limited to market price risk can be approximated by applying the percentage of funds invested (31.12.16: 98.40%; 31.12.15: 96.31%) to any movement in the BSE Mid Cap Total Return Index. At 31 December 2016, with all other variables held constant, this approximation would produce a movement in the net assets of ICG Q Limited of £9,868,000 (31.12.15: £5,832,000) for a 10% (31.12.15: 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 risk is the risk that the fair value or future cash flows of the financial instruments held by ICG Q Limited will fluctuate 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 2016, if the Indian Rupee had strengthened or weakened by 10% (31.12.15: 10%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £10,040,000 (31.12.15: £6,045,000) 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.

12. Financial instruments and risk profile (continued)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with ICG Q Limited. 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 deposits with banks. SBI-SG Global Securities Services Private Limited ("SBI-SG") acts as the principal banker to the Company. The aggregate exposure to the SBI-SG group at 31 December 2016 was £1,593,000 (31.12.15: £2,272,000).

SBI-SG acted as custodian of the Group's assets during the period. The securities held by SBI-SG as custodian are held in trust and are registered in the name of ICG Q Limited. SBI-SG has a credit rating of CRISIL AAA for SBI and A for Societe Generale.

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 is the risk that ICG Q Limited will encounter 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.

ICG Q Limited seeks 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 is the risk the taxation of income and capital gains of ICG Q Limited and the Company may increase 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").

12. Financial instruments and risk profile (continued)

Taxation risk (continued)

Consequently, prior to 1 April 2017 under the DTAA, capital gains of ICG Q Limited resulting from the sale of shares in India (whether listed or unlisted), including shares on conversion of foreign currency convertible bonds issued by Indian companies, were subject to the capital gains tax ("CGT") rate in Mauritius which is 0%. However, from 1 April 2017 under the DTAA, these capital gains will be subject to CGT rates in India which, for short term CGT (defined as less than one year) is applied at a rate of 15% and for long term CGT (defined as greater than one year) is 0%. Further, for two years to 31 March 2019 ICG Q Limited qualifies for a discount of 50% on these CGT liabilities.

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 and thus restricting capital gains of less than one year to insignificant levels.

13. Related party transactions

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 on page 18. The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiaries equivalent to 1.5 per cent per annum of Total Assets, calculated and payable monthly in arrears. The Investment Manager earned £1,206,000 (see Note 5) in management fees during the year ended 31 December 2016 (31.12.15: £898,000) of which £128,000 was outstanding at 31 December 2016 (31.12.15: £77,000).

Under the terms of the Administration Agreement, Apex Fund Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a flat 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 £44,000 for administration and secretarial services during the year ended 31 December 2016 (31.12.15: £33,000) of which £3,400 was outstanding at 31 December 2016 (31.12.15: £2,900).

14. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2016 (31.12.15: nil).

15. Subsequent events

These financial statements were approved for issuance by the Board on 29 March 2017. Subsequent events have been evaluated until this date. On 15 December 2016, the Board approved a change in custodian from SBI-SG Global Securities Services to Kotak Mahindra Bank. The transition took place on 18 March 2017.

PART D

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

India Capital Growth Fund

Interim report and unaudited financial statements

For the period from 1 January 2017 to 30 June 2017

India
Capital Growth Fund

Interim report and unaudited financial statements

For the period from 1 January 2017 to 30 June 2017

Contents

Management and administration

Directors	
	Fred Carr (Chairman) Peter Niven John Whittle
Registered office	
	1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
Investment manager	
	Ocean Dial Asset Management Limited 13-14 Buckingham Street London WC2N 6DF
Administrator and Secretary	
	Apex Fund Services (Guernsey) Limited 1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB
Custodian	
As from 18 March 2017	Kotak Mahindra Bank Limited 3rd floor, 27 BKC C-27 G Block Bandra Kurla Complex Bandra East Mumbai 400 051
Up to 17 March 2017	SBI-SG Global Securities Services Pvt. Ltd Corporation Limited "Jeevan Seva" Annexe Building Ground Floor, S.V. Road Santacruz (W) Mumbai 400 054 India
Nominated adviser	
	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU

Broker

Stockdale Securities Limited
Beaufort House
15 St Botolph Street
London EC3A 7BB

Registrar

Neville Registrars Limited
18 Laurel Lane
Halesowen
Birmingham B63 3DA

Independent auditor

Deloitte LLP
Regency Court
Glategny Esplanade
Guernsey GY1 3HW

Chairman's statement

I am pleased to report that the net asset value per share rose 23.8% over the first six months of 2017, 2.5% better than the Company's notional benchmark, the BSE Mid Cap TR Index. Alongside this excellent performance in NAV terms, it is particularly encouraging to highlight that the share price rose 27.7% over the same period, resulting in a meaningful narrowing of the discount (15.7% as at the end of June). Strong investment returns, both in absolute and relative terms, in conjunction with a steady increase in marketing activity, as well as growing coverage in both the trade and national press, is supporting a gradual and positive evolution in the shareholder register, about which more later.

After a brief slump in investor sentiment post the shock last year caused by Prime Minister Modi "demonetising" 85% of India's currency in circulation, India's equity and bond markets have seen a resurgence in foreign and domestic net inflows. The former is resulting from growing confidence in a recovery in corporate earnings globally, whilst the latter is being driven by a welcome move away from investment in traditional asset classes such as gold and real estate, as India's savings sector gradually formalises. This is a theme which is widely expected to continue and bodes well for the future, although mid cap equities have been a major beneficiary of these inflows causing valuations in India to "run up" somewhat. I commend to you the relevant comments in the Investment manager's report. The Company's increase in net asset value per share in Sterling terms was reduced by 1.0% due to a marginal depreciation in the Indian Rupee in the six month period.

Whilst it would appear that the demonetisation exercise created a spark to reignite interest in India's equity story, it is the broader reform agenda orchestrated by the Prime Minister that is whetting investors' appetites. The budget was well received by investors, particularly for its fiscal prudence, and this was shortly followed by the ruling Bharatiya Janata Party winning a number of key State elections, particularly in Uttar Pradesh, India's most populous state, suggesting Modi's party currently looks set to win a second five-year term in 2019. More recently the Government is grappling with the substantial task of implementing the recently passed Goods and Services Tax ("GST") Bill. Though likely to witness significant implementation challenges, once this has been bedded in effectively, GST is expected to bring significant improvements in corporate productivity and tax revenues for the Government.

In the annual report to shareholders in 2016 I drew your attention to the Company's long-term strategy intended to ensure that future share price movement became more closely aligned with net asset value performance. More latterly this has focused on increasing the potential investors' awareness of the Company, supporting strong investment returns, improved liquidity in the underlying scrip, and a growing interest in the India story. The Investment manager, supported by the Mumbai based team, continues to engage actively with the investment community, extending awareness to a much wider base of Wealth Managers, high net worth individuals, and the non-resident Indian community in the UK. This effort is being carried out with the dedicated support of the Company's broker, Stockdale Securities, who have also been actively engaging with investors from a research perspective, as well as managing a high percentage of the turnover of shares in the market. Marten and Co, whom the Company jointly hired with the Investment manager in mid-2016, continue to play their part in supporting the research and marketing endeavours.

With all this in mind, it is timely to announce that the Company is seeking a move away from the AIM market, with an intention to list the shares on the Main Market of the London Stock Exchange. After lengthy discussions with all our advisers, the consensus view is that by doing so we further the opportunity to improve the reputation, marketability, liquidity, and valuation of the Company's shares by gaining access to a wider investor audience, and putting the Company "on a par" with its immediate peer group in the closed-ended, dedicated India fund space. Naturally, this process does not offer any guarantee of success. However, analysis carried out on companies of a similar stature suggests that the current timing for such a move is appropriate.

The investment process continues to identify well managed companies with strong track records and robust balance sheets, across the small and mid-cap universe of Indian equity markets. The investment team remains focused on this challenge, continuing to use the volatility of the market to enter stocks at attractive prices whilst maintaining a long-term view. I want to take this opportunity to thank them for the value they have created to date, as well as thanking our shareholders for the commitment to us that they have made.

Fred Carr I Chairman
17 August 2017

Investment manager's report

In the six months to 30 June 2017 the NAV per share was up 23.8% in GBP outperforming the notional benchmark (BSE Midcap TR Index) by 2.5%. In Indian Rupee (INR) terms the NAV per share was up 25.2% outperforming the notional benchmark by 2.7%.

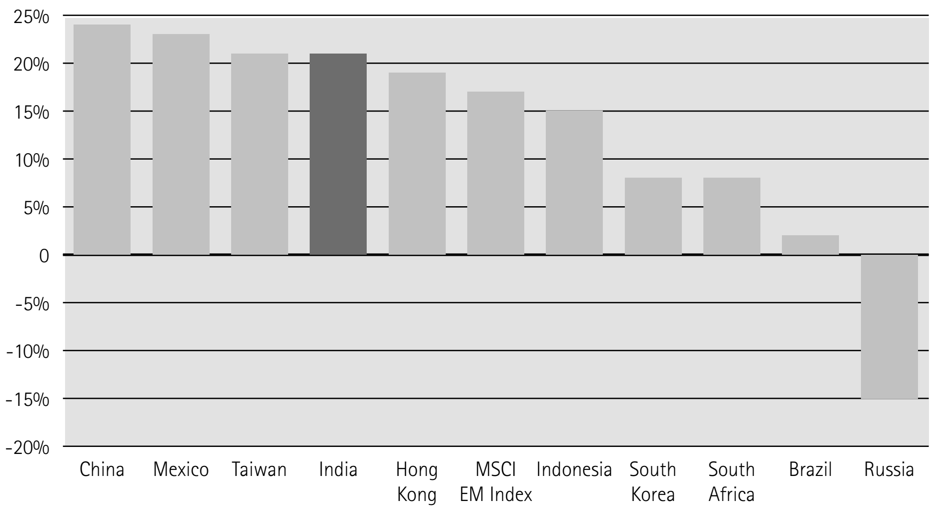
The first half of 2017 has witnessed strong performance across emerging markets with most outperforming the developed markets. The Indian equity markets too delivered impressive returns in this period with the BSE Sensex up 16.1% and the BSE Midcap TR up 22.5% in INR terms. India mid-cap stocks also outperformed the MSCI TR Index by 7.9% and the MSCI EM Index as shown in Chart 1.

We believe there have been three key developments in India during the first half which are worth highlighting.

The first is at the political level. The demonetisation exercise implemented in November 2016 as a measure to tackle corruption did wonders to Modi's image as a serious crusader against corruption. While there was a lot of media criticism on its tardy implementation, the subsequent assembly elections held in March 2017 in a few states reflected its popularity with the common man. The state of Uttar Pradesh, India's most populist State (with 80 seats in the Lower House), saw Modi's BJP party winning 312 out of 403 assembly seats, way ahead of the most optimistic projections. The party also won comfortably in the state of Uttarakhand and also formed local governments in Goa and Manipur in collaboration with smaller regional parties. The dominant nature of the BJP victory in the State elections will help BJP to gain majority in the Upper House by 2018. This will make BJP the single largest party in both the Houses of Parliament. This is significant as it will further help to push its economic and social reforms agenda. It also shows well for BJP's prospects in the next national elections scheduled for 2019, and hence on policy continuity.

The second major event was the Government delivering a fiscally prudent budget in February. This was important as it came just ahead of the State elections and in the backdrop of an economy which was witnessing a slowdown in growth. There were fears that the Government would deliver a populist budget with lot of freebies for the rural economy and try and spend its way out of trouble. On the contrary, the deficit was contained with modest tax revenue assumptions. Even the expenditure was targeted towards building infrastructure, in particular roads and railways. There remained policy continuity, with further liberalisation of foreign direct investment norms and bringing about greater transparency. This once again brought about a strong signal of the Government's intent.

Chart 1: MSCI EM % Return (US$) for six months to 30 June 2017



Source: Bloomberg

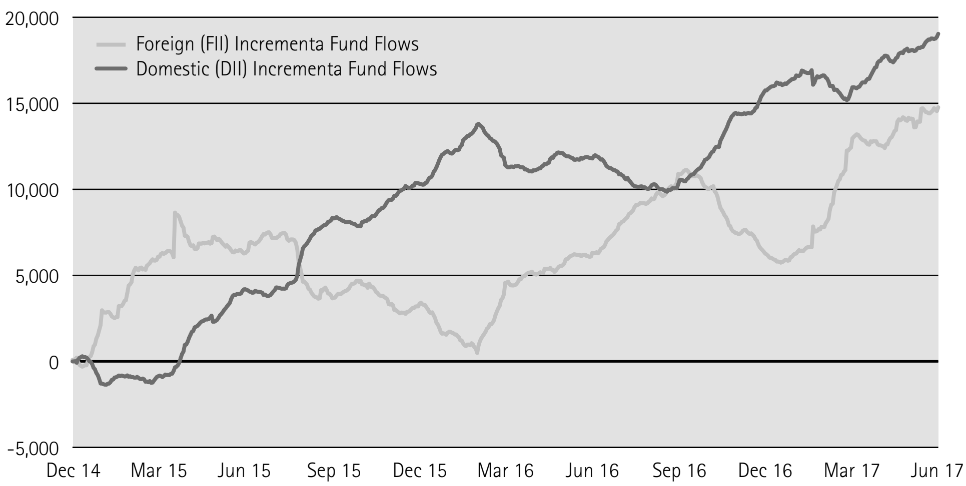
Finally, the Goods and Services Tax (GST) was implemented on 1 July 2017. This has been 10 years in the making and could clearly be called the biggest administrative reform since the country opened up its economy in the early 1990s. This not only involved an amendment to the constitution, but consensus building with 29 states in the country. From multi tax systems there are now only four tax tiers across the country. The GST is highly supportive to long-term growth as it removes the inefficiencies in the system and more importantly will hurt the informal sectors, many of whom survived by evading taxes. There is however bound to be short term pain. This is because the entire eco-system needs to be IT enabled, and many of the smaller businesses are just not geared for this. Also the switchover from the old system to the new system has created confusion, with businesses across the country de-stocking so as to minimize any negative impact. Even the Government admits that there will be one or two quarters of adjustments before the system gets back to normal.

India benefitted from not just strong foreign inflows (US$8.5bn) but the domestic mutual funds also continued to see strong inflows (US$3.3bn) in the six months to 30 June 2017. This is on the back of US$5.4bn domestic inflows in 2016 as well. There is optimism about the outlook for the Indian economy. Political stability, stable currency, falling inflation and sustained efforts by the Government in implementing reforms are factors contributing to this optimism.

On the macro front, GDP has been slowing in the last two quarters reporting 7% in December 2016 and 6.1% in March 2017, the slowest pace of quarterly growth for three years. This was partly a result of upward revision to earlier data but more a consequence of demonetisation, which virtually brought the economy to a halt for two weeks. Some pockets of the country are still to get back to normal. Concerns remain on the lack of capex by the private sector, which is still saddled with surplus capacity. Government spending has however accelerated. The Reserve Bank of India (RBI) however remains optimistic on growth, expecting gross value added (or GVA, a proxy for GDP) to improve to 7.4% in FY18 and 8.1% in FY19, with increased consumption demand forecast to be the predominant driver of stronger growth. The monsoons also appear to be normal, and this bodes well for rural demand.

Another positive is on inflation. After a nine-month pause, the RBI announced a 25 basis points cut in the policy rate to 6% following a sharp fall in CPI inflation to 1.5% in June, mainly led by a fall in food prices. Going forward, RBI maintains a neutral stance as it expects inflation to move up in the range of 3.5% - 4.5% by the second half of FY18, as the base effect fades and assuming the States implement salary and allowance increases similar to those of the Central Government.

Chart 2: Foreign (FII) and Domestic (DII) Incrementa Fund Flows (US$m)



Source: Bloomberg

On the corporate front, results for the quarters to December 2016 and March 2017 indicated a lower impact of demonetisation on corporate profitability than was expected. Energy, Materials and Financials outperformed. Private sector banks reported healthy loan growth, predominantly in retail credit. However asset quality pressures persist mainly for the public sector banks. In efforts to meaningfully address the issue of non-performing assets in the public banking sector, the Government passed an ordinance (circumventing the legislative process) giving additional powers to the RBI. This should facilitate broader recognition by the banks of the extent of the problem, but falls short of addressing any far reaching solution.

Consumer Staples and Consumer Discretionary companies reported weaker volume growth impacted due to demonetisation. Encouragingly though, management commentary was upbeat, pointing to a swift resumption in demand as cash in the economy normalises. The IT sector's woes continue; weak earnings on the back of disappointing volume growth combining with currency pressure, and limp guidance for next year. Health Care also disappointed as pricing pressure in the USA on generic drugs persist, impacting companies' revenue growth and margins. Cement companies surprised positively however on better volumes, despite demonetisation concerns.

Indian equities appear no longer to be cheap, as markets have run up, while earnings are yet to catch up. Value stocks are increasingly hard to find. Aggregate price/earnings ratio for Main Board (BSE Sensex) stocks suggest the market is trading at 19x FY18 and 16.1x FY19 (Bloomberg consensus estimates) reported earnings against the longer term average of 16.1x. Given that FY18 earnings may disappoint due to GST implementation challenges and might get pushed to FY19, some caution at this point may be well advised.

Portfolio construction and attribution

We continued to hold most of our existing investments in the first half with only two new stocks added and five stocks exited. We did however use the volatility to trim or add exposure in several stocks to take advantage of price movements.

During the period, the two stocks added were Sagar Cements (small size cement manufacturer with presence in South and West India) and PSP Projects (construction company offering a diversified range of construction and allied services across industrial, institutional, government, government residential and residential projects in India.). We exited Ajanta Pharma, Mahindra CIE and Voltas on lofty valuations, Gujarat Pipavav Port as it was losing market share to bigger ports and UFO Moviez as we could not build a decent position at our pre decided purchase price.

Many stocks in the portfolio contributed to the positive returns, including Dewan Housing (5.6% weight) up 79.4%, Federal Bank (5.4% weight) up 68.8%, Ramkrishna Forgings (3.5% weight) up 83.9%, Yes Bank (4.2% weight) up 27.6% and Motherson Sumi (4.3% weight) up 41.5%. Among the negative contributors were Tech Mahindra (2.4% weight) down 21.9%, Divis Labs (1.5% weight) down 17.4%, Ajanta Pharma (sold out) down 4.4% and Kitex Garments (1.8% weight) down 5.1%. Our outperformance stemmed mainly from stock selection in Financials, Materials and Consumer Discretionary while we were negatively impacted due to underweight in Energy and Utilities and stock selection in Health Care and Industrials.

Ocean Dial Asset Management
17 August 2017

Directors' report

The Directors present their interim report and the unaudited financial statements of the Company for the period from 1 January 2017 to 30 June 2017.

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 30 June 2017, the Company had one wholly owned Mauritian subsidiary, ICG Q Limited. The Company's Ordinary Shares are currently admitted to trading on the AIM market of the London Stock Exchange ("AIM"), but application will be made to trade the Company's Ordinary Shares on the Main Market of the London Stock Exchange and to cancel the AIM listing.

Investment policy

The Company's investment objective is to provide long-term capital appreciation by investing in companies based in India via its wholly-owned subsidiary. The investment policy permits the Company to make indirect 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 or unlisted 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, 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 declared policy not to hedge the exposure to the Indian Rupee.

Results and dividends

The Company's performance during the period is discussed in the Investment Manager's Report on pages 6 to 8.

The results for the period are set out in the unaudited condensed statement of comprehensive income on page 15.

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 period ended 30 June 2017 (30 June 2016 and 31 December 2016: £ nil).

Ongoing charges

In accordance with the recommended methodology set out by the Association of Investment Companies ("AIC"), the Ongoing Charges of the Company and its wholly owned subsidiary, ICG Q Limited, for the period ended 30 June 2017 was 1.83% (30 June 2016: 2.12% and 31 December 2016: 1.96%).

Substantial interests

Shareholders who notified the Company they held an interest of 3% or more of the Ordinary Share Capital of the Company at 31 July 2017 are stated in the table below:

	NUMBER OF SHARES	% HOLDING
Lazard Asset Management	22,347,525	19.86%
Hargreaves Lansdown	11,686,207	10.39%
Miton Asset Management	6,965,000	6.19%
Charles Stanley	5,997,154	5.33%
EFG Harris Allday	4,754,020	4.23%
Gramercy	4,724,167	4.20%
Rathbones	3,842,915	3.42%

Directors

The names of the Directors of the Company, all of whom were in office for the entire period and to the date of this report, are set out on page 2.

Directors’ interests

At 30 June 2017, Directors and their immediate families held the following declarable interests in the Company:

	ORDINARY SHARES 30.06.17	ORDINARY SHARES 30.06.16	SUBSCRIPTION SHARES 31.12.16
Fred Carr	150,000	130,000	150,000
Peter Niven	37,500	25,000	37,500
John Whittle	30,000	20,000	30,000

Approved by the Board of Directors and signed on behalf of the Board on 17 August 2017.

Peter Niven

Fred Carr

Independent interim review report of the auditor

Independent review report to India Capital Growth Fund Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in the notes to the interim financials, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP
St Peter Port, Guernsey
17 August 2017

Principal investments of ICG Q Limited

As at 30 June 2017

HOLDING	TYPE	SECTOR	VALUE £000s	% OF COMPANY NAV
Dewan Housing	Mid Cap	Financials	7,005	5.6
The Federal Bank	Mid Cap	Financials	6,697	5.4
Motherson Sumi	Large Cap	Consumer Discretionary	5,406	4.3
Yes Bank	Large Cap	Financials	5,211	4.2
Jyothy Laboratories	Small Cap	Consumer Staples	4,407	3.5
Kajaria Ceramic	Small Cap	Industrials	4,343	3.5
Ramkrishna Forgings	Small Cap	Materials	4,326	3.5
NIIT Technologies	Small Cap	IT	4,198	3.4
City Union Bank	Small Cap	Financials	4,017	3.2
Sobha Developers	Small Cap	Real Estate	3,935	3.2
Indusind Bank	Large Cap	Financials	3,897	3.1
Welspun India	Small Cap	Consumer Discretionary	3,557	2.9
P I Industries	Small Cap	Materials	3,380	2.7
The Ramco Cements	Mid Cap	Materials	3,354	2.7
Max Financial Services	Mid Cap	Financials	3,221	2.6
Sagar Cements	Small Cap	Materials	3,214	2.6
Exide Industries	Mid Cap	Consumer Discretionary	3,181	2.6
Skipper Ltd	Small Cap	Materials	3,154	2.5
Finolex Cables	Small Cap	Industrials	3,014	2.4
Balkrishna Industries	Mid Cap	Consumer Discretionary	3,000	2.4
Total top 20 equity investments			**82,517**	**66.3**

Refer to page 14 for market capitalisation size definitions.

Portfolio statement of ICG Q Limited

As at 30 June 2017

HOLDING	MARKET CAP SIZE	SHARES OWNED	VALUE £000s	% OF COMPANY NAV
Listed securities				
Consumer discretionary				
Balkrishna Industries	Mid Cap	152,000	3,000	2.41
Dish TV India	Small Cap	3,000,000	2,852	2.29
Exide Industries	Mid Cap	1,215,336	3,181	2.56
Kitex Garments	Small Cap	700,000	2,286	1.84
Motherson Sumi Systems	Large Cap	985,827	5,406	4.34
Welspun India	Small Cap	3,624,271	3,557	2.86
			20,282	**16.30**
Consumer staples				
Dabur India	Large Cap	590,000	2,045	1.64
Emami	Mid Cap	195,000	2,489	2.00
Jyothy Laboratories	Small Cap	1,043,355	4,407	3.54
Manpasand Beverages	Small Cap	300,000	2,803	2.25
Radico Khaitan	Small Cap	772,000	1,113	0.89
			12,857	**10.32**
Financials				
City Union Bank	Small Cap	1,913,676	4,017	3.23
Dewan Housing	Mid Cap	1,350,000	7,005	5.63
Indian Bank	Mid Cap	754,400	2,529	2.03
Indusind Bank	Large Cap	222,000	3,897	3.13
J & K Bank	Small Cap	1,553,987	1,570	1.26
Max Financial Services	Mid Cap	430,000	3,221	2.59
Federal Bank	Mid Cap	5,000,000	6,697	5.38
Yes Bank	Large Cap	300,000	5,211	4.19
			34,147	**27.44**
Healthcare				
Divis Laboratories	Mid Cap	245,100	1,883	1.51
Neuland Laboratories	Small Cap	148,000	2,489	2.00
			4,372	**3.51**
Industrials				
Finolex Cables	Small Cap	556,597	3,014	2.42
Jain Irrigation Systems	Small Cap	2,190,000	2,671	2.15

As at 30 June 2017

HOLDING	MARKET CAP SIZE	SHARES OWNED	VALUE £000s	% OF COMPANY NAV
Industrials (continued)				
Kajaria Ceramics	Small Cap	550,000	4,343	3.49
PSP Projects	Small Cap	373,875	1,197	0.96
			11,225	**9.02**
IT				
NIIT Technologies	Small Cap	612,485	4,198	3.37
Tech Mahindra	Mid Cap	650,000	2,947	2.37
			7,145	**5.74**
Materials				
Berger Paints India	Mid Cap	980,000	2,864	2.30
Essel Propack	Small Cap	898,260	2,607	2.09
Good Luck India	Small Cap	518,343	532	0.43
JK Lakshmi Cement	Small Cap	500,000	2,878	2.31
PI Industries	Small Cap	340,000	3,380	2.72
Ramkrishna Forgings	Small Cap	700,000	4,326	3.48
Sagar Cements	Small Cap	330,000	3,214	2.59
Skipper	Small Cap	1,305,000	3,154	2.54
The Ramco Cements	Mid Cap	406,702	3,354	2.71
			26,309	**21.17**
Real estate				
Arihant Foundations & Housing	Small Cap	592,400	367	0.29
Sobha Developers	Small Cap	900,000	3,935	3.16
			4,302	**3.45**
Total equity investments			**120,639**	**96.95**
Cash less other net current liabilities of ICG Q Limited			3,610	2.90
Total net assets of ICG Q Limited			124,249	99.85
Cash less other net current liabilities of the Company			182	0.15
Total net assets			**124,431**	**100.00**

Equity investments by market capitalisation	
Large Cap: companies with a market capitalisation above US$7bn (£5.4bn)	13.3%
Mid Cap: companies with a market capitalisation between US$2bn and US$7bn (£1.5bn to £5.4bn)	31.5%
Small Cap: companies with a market capitalisation below US$2bn (£1.5bn)	52.2%
	97.0%

Unaudited condensed statement of comprehensive income

For the six months to 30 June 2017

	NOTES	REVENUE £000	CAPITAL £000	UNAUDITED SIX MONTHS TO 30.06.17 TOTAL £000	UNAUDITED SIX MONTHS TO 30.06.16 TOTAL £000	AUDITED YEAR TO 31.12.16 TOTAL £000
Income						
Net gains on financial asset at fair value through profit or loss	5	-	24,125	24,125	10,461	17,385
Total income		**-**	**24,125**	**24,125**	10,461	17,385
Expenses						
Investment management fee		-	-	-	77	76
Operating expenses	3	(171)	-	(171)	(155)	(336)
Foreign exchange loss		(1)	-	(1)	(1)	(2)
Total expenses		**(172)**	**-**	**(172)**	(79)	(262)
Profit/(loss) for the period/year before taxation		**(172)**	**24,125**	**23,953**	10,382	17,123
Taxation	6	**-**	**-**	**-**	-	-
Profit/(loss) for the period/year after taxation		**(172)**	**24,125**	**23,953**	10,382	17,123
Earnings per Ordinary Share (pence)	4			**21.29**	13.84	19.04
Fully diluted earnings per Ordinary Share (pence)	4			**21.29**	13.84	19.04

The total column of this statement represents the Company's condensed statement of comprehensive income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

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 19 to 27 form part of these financial statements.

Unaudited condensed statement of financial position

As at 30 June 2017

	NOTES	UNAUDITED 30.06.17 £000	UNAUDITED 30.06.16 £000	AUDITED 31.12.16 £000
Non-current assets				
Financial asset designated at fair value through profit or loss	5	124,249	70,849	100,374
Current assets				
Cash and cash equivalents		220	47	144
Receivables	7	170	112	139
		390	159	283
Current liabilities				
Payables	8	(208)	(146)	(179)
Net current assets		182	13	104
Total assets less current liabilities		**124,431**	**70,862**	**100,478**
Equity				
Ordinary share capital	10	1,125	750	1,125
Reserves		123,306	70,112	99,353
Total equity		**124,431**	**70,862**	**100,478**
Number of Ordinary Shares in issue	10	112,502,173	75,001,463	112,502,173
Net Asset Value per Ordinary Share (pence)				
- Undiluted		110.60	94.48	89.31
Net Asset Value per Ordinary Share (pence)				
– Diluted		110.60	83.32	89.31

The unaudited financial statements on pages 15 to 27 were approved by the Board of Directors on 17 August 2017 and signed on its behalf by:

Peter Niven

Fred Carr

The notes on pages 19 to 27 form part of these financial statements.

Unaudited condensed statement of changes in equity

For the six months to 30 June 2017

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2017		1,125	13,145	(9,142)	95,350	100,478
Gain on investment in ICG Q Limited	5	-	24,125	-	-	24,125
Revenue loss for the period after taxation		-	-	(172)	-	(172)
Balance as at 30 June 2017		1,125	37,270	(9,314)	95,350	124,431

For the six months to 30 June 2016 (unaudited)

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2016		750	(4,240)	(8,880)	72,850	60,480
Gain on investment in ICG Q Limited	5	-	10,461	-	-	10,461
Revenue loss for the period after taxation		-	-	(79)	-	(79)
Balance as at 30 June 2016		750	6,221	(8,959)	72,850	70,862

For the year ended 31 December 2016 (audited)

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2016		750	(4,240)	(8,880)	72,850	60,480
Issue of shares		375	-	-	22,500	22,875
Gain on investment in ICG Q Limited	5	-	17,385	-	-	17,385
Revenue loss for the year after taxation		-	-	(262)	-	(262)
Balance as at 31 December 2016		1,125	13,145	(9,142)	95,350	100,478

The notes on pages 19 to 27 form part of these financial statements.

Unaudited condensed statement of cash flows

For the six months to 30 June 2017

	UNAUDITED 30.06.17 £000	UNAUDITED 30.06.16 £000	AUDITED 31.12.16 £000
Cash flows from operating activities			
Operating profit	23,953	10,382	17,123
Adjustment for:			
Net gain on financial asset at fair value through profit or loss	(24,125)	(10,461)	(17,385)
Foreign exchange losses	1	1	2
Operating loss before working capital changes	(171)	(78)	(260)
Increase in receivables	(31)	(91)	(118)
Increase in payables	29	-	33
Cash flow used in operating activities	(173)	(169)	(345)
Cash flows from financing activities			
Proceeds from issue of shares	-	-	22,875
Cash flows from investing activities			
Sale of investments	250	121	120
Purchase of investments	-	-	(22,600)
Net cash flow from investing activities	250	121	(22,480)
Net increase/(decrease) in cash and cash equivalents during the period/year	**77**	**(48)**	**50**
Cash and cash equivalents at the start of the period/year	144	96	96
Foreign exchange losses	(1)	(1)	(2)
Cash and cash equivalents at the end of the period/year	**220**	**47**	**144**

The notes on pages 19 to 27 form part of these financial statements.

Notes to the unaudited financial statements

For the six months to 30 June 2017

1. Accounting policies

The condensed financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2016.

The condensed financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2016, which were prepared under full IFRS requirements.

Certain current standards, amendments and interpretations are not relevant to the Company's operations. Equally, certain interpretations to existing standards which are not yet effective are equally not relevant to the Company's operations. At the date of the authorisation of these financial statements, the following standards and interpretations which were in issue but not yet effective have not been early adopted in these financial statements:

Standards, interpretations and amendments to published statements not yet effective
Amendments to IFRS 7 and IFRS 9 - Mandatory effective date and Transition disclosures is effective for periods beginning on or after 1 January 2017.

Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 is effective for periods beginning on or after 1 January 2018

IFRS 9 - Financial Instruments (issued in 2014) is effective for periods beginning on or after 1 January 2018

IFRS 15 - Revenue from Contracts with Customers beginning on or after 1 January 2018

IFRS 16 - Leases beginning on or after 1 January 2019

The Board has not yet assessed the impact of these standards as they have been recently published. The Directors believe that other pronouncements which are in issue but not yet operative or adopted by the Company will not have a material impact on the financial statements of the Company, but these will continue to be reviewed.

2. Significant accounting judgements, estimates and assumptions

IFRS require management to make judgments, estimates and assumptions that effect 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 judgments 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. The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity analysis. And in relation to the valuation of unlisted investment, actual results may differ from the estimates. It is management's judgement that NAV of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments and therefore no liquidity discount is required.

For the six months to 30 June 2017

3. Operating expenses

	Unaudited Six months to 30.06.17 £000	Unaudited Six months to 30.06.16 £000	Audited Year to 31.12.16 £000
Directors' fees	35	45	80
D&O insurance	2	3	6
Administration and secretarial fees	20	22	40
Audit fee	13	13	22
Broker fee	18	13	36
Nomad fee	10	10	21
Registrar fee	2	1	4
Other professional fees	4	8	4
Marketing expenses	32	-	16
General expenses	28	23	53
Regulatory fees	7	8	16
Cost of issuing new shares	-	9	38
	171	155	336

4. Earnings per share

Earnings per Ordinary Share is calculated on the profit for the period of £23,953,000 (30 June 2016: £10,382,000 and 31 December 2016: £17,123,000) divided by the weighted average number of Ordinary Shares of 112,502,173 (30 June 2016: 75,001,463 and 31 December 2016: 89,950,429).

5. Financial assets designated at fair value through profit or loss

	Unlisted £000	Unaudited Six months to 30.06.17 Total £000	Unaudited Six months to 30.06.16 Total £000	Audited Year to 31.12.16 Total £000
Market value as at 1 January	100,374	100,374	60,509	60,509
Purchase of investments	-	-	-	22,600
Sales proceeds	(250)	(250)	(121)	(120)
Realised gain on sale of investments	164	164	53	52
At end of the period/year	100,288	100,288	60,441	83,041
Unrealised gain on revaluation	23,961	23,961	10,408	17,333
Fair value at end of period/year	**124,249**	**124,249**	**70,849**	**100,374**

For the six months to 30 June 2017

5. Financial assets designated at fair value through profit or loss (continued)

The net realised and unrealised gains on financial assets designated at fair value through profit and loss for the period was £24,125,000 (period ended 30 June 2016: £10,461,000 and 31 December 2016: £17,385,000) which came from the Company's holding in ICG Q Limited. The movement is driven by the following amounts within the financial statements of ICG Q Limited, as set out below:

	Unaudited Six months to 30.06.17 Total £000	Unaudited Six months to 30.06.16 Total £000	Audited Year to 31.12.16 Total £000
Dividend income	149	257	636
Other income	-	-	627
Unrealised gain on financial assets at fair value through profit or loss	19,887	8,077	14,193
Realised gain on disposal of investments	5,063	2,626	3,295
Transaction costs	(36)	(20)	(93)
Investment management fee	(897)	(447)	(1,206)
Operating expenses	(38)	(31)	(67)
Foreign exchange loss	(3)	(1)	-
Net profit of ICG Q Limited	**24,125**	**10,461**	**17,385**

As described in the statutory accounts of the Company for the year ended 31 December 2016, the Company qualifies as an investment entity under IFRS 10. It therefore does not consolidate its investment in ICG Q Limited.

6. Taxation

Guernsey
India Capital Growth Fund Limited is exempt from taxation in Guernsey. 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 period ended 30 June 2017, the Company had a tax liability of £nil (30 June 2016 and 31 December 2016: £nil).

7. Receivables

	Unaudited 30.06.17 Total £000	Unaudited 30.06.16 Total £000	Audited 31.12.16 Total £000
Other receivables and prepayments	170	112	139
	170	**112**	**139**

For the six months to 30 June 2017

8. Payables

	Unaudited 30.06.17 Total £000	Unaudited 30.06.16 Total £000	Audited 31.12.16 Total £000
Management fee	154	87	128
Other creditors	54	59	51
	208	**146**	**179**

9. Segmental information

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's activities are focused in a single area - Mauritius. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in this Interim Report to disclose the underlying information. Assessment of performance by the Board and investment decisions by the Investment Manager are made on the basis of the portfolio as a whole which is provided on pages 13 and 14.

10. Share capital

Ordinary Share Capital of £0.01 each

	Number of shares	Share capital £000
At 30 June 2017	112,502,173	1,125
At 30 June 2016	75,001,463	750
At 31 December 2016	112,502,173	1,125

The Company's capital is represented by Ordinary Shares of par value £0.01. Each share carries one vote and is entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue or repurchase of Ordinary Shares.

Subscription Share Capital

	Number of shares	Share capital £000
At 30 June 2017	-	-
At 30 June 2016	37,500,710	-
At 31 December 2016	-	-

The Subscription Shares were issued on 6 August 2014, conferring the right to subscribe for one Ordinary Share at a fixed price of 61 pence on 6 August 2016. Following the exercise of those rights, the Subscription Shares were cancelled on 31 August 2016.

11. Related party transactions

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 fully in each Annual Report. The fee payable to the Chairman is £28,000 per annum, £22,000 per annum to Peter Niven and £20,000 per annum to John Whittle.

The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiary equivalent to 1.5% per annum of Total Assets, calculated and payable monthly in arrears. The Investment Manager earned £897,000 in management fees during the six months ended 30 June 2017 (six months ended 30 June 2016: £447,000 and year ended 31 December 2016: £1,206,000) of which £154,000 was outstanding at 30 June 2017 (30 June 2016: £87,000 and 31 December 2016: £128,000).

Under the terms of the Administration Agreement, Apex Fund Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a flat 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 £20,000 for administration and secretarial services during the six months ended 30 June 2017 (six months ended 30 June 2016: £18,000 and year ended 31 December 2016: £44,000) of which £3,200 was outstanding at 30 June 2017 (30 June 2016: £3,200 and 31 December 2016: £3,400).

12. Fair value of financial instruments

The following tables show 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 30 June 2017 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	-	124,249	-	124,249
	-	**124,249**	**-**	**124,249**

The analysis as at 30 June 2016 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	-	70,849	-	70,849
	-	**70,849**	**-**	**70,849**

12. Fair value of financial instruments (continued)

The analysis as at 31 December 2016 was as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Unlisted securities	-	100,374	-	100,374
	-	**100,374**	**-**	**100,374**

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. The period-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.

13. Financial instruments and risk profile

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. Subject to the Guernsey Companies Law, 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 seek shareholder approval for the exercise of such powers. In the period ended 30 June 2017, the Board determined that it was inappropriate to exercise such powers, but will seek such shareholder approval at the 2017 Annual General Meeting. The Board also considers from time to time whether it may be appropriate to raise new capital to improve liquidity and reduce operating expenses as a percentage of Net Asset Value. Such an increase occurred in August 2016 following the exercise of Subscription Share rights, pursuant to the Subscription Share bonus issue in August 2014.

Investment portfolio management
The Company holds a single investment in ICG Q Limited, which holds an underlying portfolio of 30 to 40 equity instruments based in India.

The primary objective of the Company is to provide long-term capital appreciation by investing predominantly in companies based in India through its subsidiary, ICG Q Limited. 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 and small cap Indian companies and it did not hold any unlisted security during the period ended 30 June 2017. 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 following risk profiles are a summary of the key risks the Company may be exposed to via ICG Q Limited and the Company's policies for managing those risks, most of which manifest themselves in ICG Q Limited.

13. Financial instruments and risk profile (continued)

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

ICG Q Limited's investment portfolio is 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 30 June 2017, comprised investment in 38 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 mainly of mid 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 Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio.

Assuming perfect correlation the sensitivity of ICG Q Limited to market price risk can be approximated by applying the percentage of funds invested (30 June 2017: 96.95%; 30 June 2016: 94.70%; 31 December 2016: 98.40%) to any movement in the BSE Mid Cap Index. At 30 June 2017, with all other variables held constant, this approximation would produce a movement in the net assets of ICG Q Limited of £12,064,000 (30 June 2016: £6,711,000 and 31 December 2016: £9,868,000) for a 10% (30 June 2016 and 31 December 2016:10%) 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 risk is the risk that the fair value or future cash flows of the financial instruments held by ICG Q Limited will fluctuate because of changes in foreign exchange rates. ICG Q Limited's portfolio comprises 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 may enter into currency hedging transactions but appropriate mechanisms on acceptable terms are not expected to be readily available.

At 30 June 2017, if the Indian Rupee had strengthened or weakened by 10% (30 June 2016 and 31 December 2016: 10%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £12,406,000 (30 June 2016: £7,056,000 and 31 December 2016: £10,040,000) 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.

The Company's policy is not to hedge its Indian Rupee exposure.

Credit risk
Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with ICG Q Limited. 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.

13. Financial instruments and risk profile (continued)

The principal credit risks for the Company are in relation to deposits with banks. Kotak Mahindra Bank Limited ("Kotak-IN") acts as the principal banker to the Company. The aggregate exposure to the Kotak-IN group at 30 June 2017 was £3,422,000 (30 June 2016: £3,814,000 held with SBI-SG and 31 December 2016: £1,593,000 held with SBI-SG).

Kotak-IN acted as custodian of the Group's assets as from 18 March 2017. The securities held by Kotak-IN as custodian are held in trust and are registered in the name of ICG Q Limited. Kotak-IN has a credit rating of CRISIL AAA.

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 Indian Rupee balances.

Liquidity risk
Liquidity risk is the risk that ICG Q Limited will encounter in realising assets or otherwise raising funds to meet financial commitments. As the trading volume on the Indian Stock Market is lower than that of more developed stock exchanges the Group is likely to be invested in relatively illiquid securities. ICG Q Limited's unlisted securities are even less liquid and may not be realisable until a third party investor is found. Unlisted securities represent nil% (2016: nil%) of the portfolio. ICG Q Limited's focus is to invest predominantly in mid and small cap 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. As with unlisted securities these investments 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.

ICG Q Limited seeks 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.

Taxation risk
Taxation risk is the risk the taxation of income and capital gains of ICG Q Limited and the Company may increase 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").

Consequently, prior to 1 April 2017 under the DTAA, capital gains of ICG Q Limited resulting from the sale of shares in India (whether listed or unlisted), including shares on conversion of foreign currency convertible bonds issued by Indian companies, were subject to the capital gains tax ("CGT") rate in Mauritius which is 0%.

For the six months to 30 June 2017

13. Financial instruments and risk profile (continued)

From 1 April 2017 under the DTAA, investments purchased from that date will be subject to CGT rates in India which, for short term CGT (defined as investments held for less than one year) is applied at a rate of 15% and for long term CGT (defined as investments held for greater than one year) is 0%. Further, for two years to 31 March 2019 ICG Q Limited qualifies for a discount of 50% on these CGT liabilities.

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 and thus restricting capital gains of less than one year to insignificant levels.

14. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2017 (30 June 2016 and 31 December 2016: nil).

15. Subsequent events

These financial statements were approved for issuance by the Board on 17 August 2017. Subsequent events have been evaluated until this date and there were none after the period that required adjustments to the interim financial statements and disclosures to the notes.

As set out in the notice of the extraordinary general meeting ("EGM") of the Company in 2014, shareholders approved the resolution that the Board would undertake in 2017 (and every three years thereafter) an assessment of the Company's performance since the date of the 2014 EGM to 6 August 2017 and only propose an ordinary continuation resolution in the event that the performance criteria has not been met. The Company is pleased to announce that the performance criteria has been met and therefore will not be proposing a continuation vote at the 2017 annual general meeting ("AGM"), nor will the 2015 continuation resolution referred to in the Company's original AIM admission document be proposed. The Company will continue for another three years after the date of the 2017 AGM and will conduct another three year assessment prior to the 2020 AGM.