



# India Capital Growth Fund Limited

## Corporate Governance Statement

### Corporate governance principles

The Board complies with the AIC Code of Corporate Governance (the “AIC Code”) save that, in view of its size and independence, it does not have a senior independent director, nominations committee or remuneration committee.

The AIC Code was last updated in February 2019 following the issue of a new UK Corporate Governance Code in July 2018 (the “UK Code”) by the UK Financial Reporting Council (the “FRC”). It sets out a framework of best practice in respect of the governance of investment companies and has been endorsed by the FRC and the Guernsey Financial Services Commission (GFSC).

India Capital Growth Fund is an AIC member, which means the Board may make a statement that, by reporting against the AIC Code, they are meeting their obligations under the UK Code / the 2011 GFSC Finance Sector Code of Corporate Governance and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

### The Board

The Board comprises the Chairman and three non-executive Directors. All members of the Board, including the Chairman, are independent of the Investment Manager and there are no common directorships between members of the Board.

### Chairman, Senior Independent Director and Chief Executive

The Chairman of the Board is Elisabeth Scott. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence, and has determined that Ms Scott is an Independent Director. As the Chairman is an Independent Director, no appointment of a senior Independent Director has been made. The Company has no employees and therefore there is no requirement for a Chief Executive.

### Board Meetings

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

### 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 latest annual 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 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.

### **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 key functions

The Board has contractually delegated key functions as listed below, to external service providers. 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.
- Administration and Company Secretarial duties for the Company are performed by Apex Fund and Corporate Services (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission. Those for the subsidiary are performed by Apex Fund Services (Mauritius) Limited, a company registered in Mauritius and licensed by the Financial Services Commission in Mauritius.
- Custody of assets is undertaken by Kotak Mahindra Bank Limited in Mumbai.

## Engagement Committee

The Engagement Committee reviews the performance of all material external service providers and of the related contractual terms at least once a year.

## 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 an estimated, unaudited, Net Asset Value each business day of the Fund excluding each month-end. 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.