India Capital
GROWTH FUND

Interim report and unaudited financial statements

2021

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

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MANAGEMENT AND ADMINISTRATION

DIRECTORS

Elisabeth Scott (Chairman)
Peter Niven
Patrick Firth
Lynne Duquemin (from 28 May 2021)

REGISTERED OFFICE

1 Royal Plaza, Royal Avenue
St. Peter Port, Guernsey GY1 2HL

INVESTMENT MANAGER

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

ADMINISTRATOR AND SECRETARY

Apex Fund and Corporate Services (Guernsey) Limited
1 Royal Plaza, Royal Avenue
St. Peter Port, Guernsey GY1 2HL

CUSTODIAN

Kotak Mahindra Bank Limited
3rd floor, 27 BKC, C-27 G Block
Bandra Kurla Complex, Bandra East
Mumbai 400 051, India

BROKER AND SPONSOR

Shore Capital Stockbrokers Limited
Cassini House, 57-58 St James’s Street
London SW1A 1LD

REGISTRAR

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Halesowen, Birmingham B62 8HD

INDEPENDENT AUDITOR

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St Peter Port, Guernsey GY1 3HW

CHAIRMAN'S STATEMENT

PERFORMANCE

The first half of 2021 saw India suffer a second wave of COVID infections, far larger in scale than the first wave, and which took the Government by surprise. India's health infrastructure struggled to cope with the numbers of seriously ill people.

Despite this troubling backdrop, Indian equity markets rose, and I am pleased to report that the Company's share price rose by 31.7% during the period under review. The Net Asset Value (NAV) per share increased by 25.1%, outperforming the BSE Midcap TR Index by 2.9%. It is encouraging to see the improvement that the Ocean Dial team has made to its investment process coming through in better relative performance.

The Company is subject to both short and long term capital gains tax in India on the growth in value of its investment portfolio. Although this additional tax only becomes payable at the point at which the underlying investments are sold and profits crystallised, the Company and its subsidiary (ICGQ Limited) must accrue for this additional cost as a non-resident capital gains tax provision totalling £3.42m for the six months to 30 June 2021, equivalent to a reduction in the NAV per share of 3.04p or 2.4%. The provision was £Nil at both 31 December 2020 and 30 June 2020. For more information, please see note 11.

DISCOUNT

The Company's share price discount to NAV began the period at 14.1% and at 30 June 2021 stood at 11.8%. This discount is wider than we would like and the Board, the Investment Manager and our advisors continue to look for ways to reduce the discount further over time.

REDEMPTION FACILITY

Following the requisite amendment to the Company's articles of incorporation to include a redemption facility, as approved at an extraordinary general meeting on 12 June 2020, the first redemption point will be 3:00 pm on 31 December 2021. Shareholders may request redemption of part or all of their shareholding at an exit discount of 6% to NAV as at that redemption point. The Company will publish a further announcement on 6 December 2021, reminding shareholders of their right to request redemptions, together with the exit discount applicable. Further details of the redemption facility are set out in Article 132 of the Company's articles of incorporation and in the circular to shareholders (including notice of the extraordinary general meeting) dated 26 May 2020, copies of which are available on the Company's website.

Clearly there is an element of uncertainty as to the level of uptake of the redemption facility and there is the possibility that significant redemption requests may impair the future viability of the Company. The Directors' Report contains further explanation.

Ocean Dial has agreed that if, at any redemption point, the Company receives valid redemption requests in respect of ordinary shares comprising in aggregate more than 50% of the then issued share capital of the Company, the Company shall be entitled to terminate the investment management agreement (the "IMA") with Ocean Dial by not less than six months' written notice. This is a reduction from the 12 months' written notice that would otherwise apply.

Ocean Dial has also agreed that, if at any time, a resolution is put to shareholders that the Company shall continue in existence and should that resolution not be carried (and conversely if a resolution that the Company should not continue in existence be put to shareholders to vote at a general meeting at any time and such resolution be carried) the Company shall be entitled to terminate the IMA by not less than six months' written notice.

THE BOARD

In the Annual Report, I informed shareholders that we were seeking to appoint an additional director to succeed Peter Niven and that we intend to increase the size of the Board from three to four directors. I am delighted to tell you that Lynne Duquemin joined the Board in May 2021. Based in Guernsey, Lynne brings considerable experience of financial markets and wealth management and her contribution to the Board's deliberations have already proved fruitful.

The Board intends to recruit an additional member in early 2022 following the conclusion of the redemption facility after which Peter Niven will retire from the Board.

INVESTOR RELATIONS

We would like to ensure that all shareholders have the opportunity to engage with the Board and the Investment Manager and to access up to date information on the Company as required. During the first half of 2021, shareholders were invited to attend two webinars featuring Gaurav Narain, the Fund Advisor, and other members of the Ocean Dial team. There are plans for webinars during the autumn, so please do let the Ocean Dial team know if you would like to attend. Further details are available on our website (www.indiacapitalgrowth.com).

CHARMAN'S STATEMENT (continued)

OUTLOOK

Economic data coming out of India suggests that, despite being more virulent, the second COVID wave has not been as damaging to the economy as the first. Monthly export figures hit a record high in July and other economic indicators, such as rail freight movement and energy consumption, are showing positive momentum. The balance sheets of Indian companies are being repaired and corporate profitability is improving. As with other economies, the private equity market has grown, and continues to grow rapidly, with some exciting IPOs coming to market.

The Board believes that the Company's focus on good quality companies with strong management capabilities and a clear path to growth continues to be the way to generate positive investment performance.

Thank you for your support over the last six months. The Board is optimistic that your Company will prosper as India's growth continues to accelerate.

Elisabeth Scott | Chairman
28 September 2021

INVESTMENT MANAGER'S REPORT

Although participating in Indian equities is a true test of nerves, this is a thrilling time for investors to be exposed to the world's largest democracy.

For although India has delivered handsome returns in the past (India Capital Growth Fund has compounded its net asset value per share at 14.8% per annum in Sterling since the end of 2011), in relative terms few foreign institutional or retail investors have ever backed this market unreservedly. In fact, the last 16 months has seen almost continual outflows from institutional funds dedicated to Indian equities. Instead, investors choose to "rent" Indian equities rather than have a "buy to hold" strategy hoping to time both the entry and exit points, knowing this is harder than it sounds. As such, without the conviction to ride out the volatility through the cycles, not many will have enjoyed such a healthy CAGR (Compound Annual Growth Rate).

So, what has changed to make us believe that *this time is different*? Why now do we believe that the fasting period is over as India looks set to join the long-term investors' menu of choice? More importantly perhaps, what does this mean for the market, since much of this positive perception shift may already be priced in.

First has been a critical shift in the Government's focus. Since early in Modi's first term, the PM's focus has been to restore macro-economic stability and shift India away from a patronage-based system of doing business to a rules-based system. This has been an arduous process, problematic to implement and highly disruptive to businesses used to "getting things done" through informal channels. Nowadays, "picking up the phone to Delhi" is no longer an option for Corporate India and although this sea change is encouraging for "ease of doing business", it has had a damaging impact on growth and profitability, particularly on the back of haphazard policy implementation. Whilst there is always more reform to accomplish (the recent news that the Government has rescinded the laws around retrospective taxation is an example), the overriding Government agenda has altered now it is believed that the heavy lifting has been achieved. Policies are now about restoring growth through investment, particularly considering recent Covid induced disruption. The Budget in February set this tone, with an increase in infrastructure spending of 35% year on year, the intended privatisation of several public sector entities, an infrastructure monetisation programme, and the creation of a bad bank to ease banks' balance sheet constraints. Covid's second wave undoubtedly delayed these initiatives (a senior Government Minister closely involved died of Covid), but as life returns to normal, the growth agenda is uppermost once more. Production Linked Incentive Schemes (PLISs) have been introduced across several sectors to encourage, or subsidise, the private sector to invest in capacity to manufacture products onshore that have been historically imported from China. Foreign Direct Investment (FDI) is reaching all-time highs, as is the value of exports, buoyed by a global economic recovery, significant improvements in India's competitive positioning vis a vis other emerging economies, and multinational corporations adjusting long term strategic planning on China, if only at the margin.

Second is the fast tracking of digitalisation across all levels of Indian society. We can all identify with this phenomenon, but the timing of this mainstreaming for India was particularly significant, coinciding as it did with the completion of India's technology ecosystem, or "stack". The combination of the completion of the biometric identity scheme enabling direct KYC, the opening of one bank account per household, sufficient fibre optic capacity nationwide, smartphone handsets at $50, the cheapest mobile data globally and the United Payments Interface (in total, the "stack") have blended to enable a rapid shift to digital adoption across multiple industries, sectors and subsectors, fast-tracked as it has been by the pandemic.

India is seven to eight years behind China in terms of internet users, e-commerce, and digital adoption, but expects to catch up at a higher growth rate. There is little representation in the listed equity markets currently. Whilst the US Digital and Tech sector represents circa 30% of S&P500 market capitalisation, in India it is barely 1%. However, this is starting to change. In July, Zomato, India's equivalent of Deliveroo, was the first major tech company to list, with a market value of $14bn, 35x subscribed and a share price rising 50% on day one.

This successful listing is expected to trigger a long pipeline of private equity and venture capital investors looking to raise both primary and secondary capital on India's exchanges through the sale of digital and tech companies, giving listed investors the opportunity to benefit from this tectonic shift in consumer and commercial behaviour.

India has the right demand and supply dynamics to enjoy multi decadal growth in the new economy given the large addressable market, the successful role models that exist within the India diaspora, the entrepreneurial and talent availability on the ground (25% of the world's tech engineers are India based), and now the funding. Since January, the digital start up eco system has raised $27bn confirming an inflection point in the capital raising cycle has been reached. Of the circa 800 Unicorns (private companies with a business valuation of > US1bn) in the World, around 53 are in India with an aggregate business value of ~$190bn. Of these, 26 of them have become Unicorns just in the last 18 months. Furthermore, there are already 25-30 "soon-icorns" (expected to become Unicorns). How these companies are valued and how the portfolio gains exposure to these themes are issues to be wrestled with, but these

INVESTMENT MANAGER'S REPORT (continued)

trends have a positive network effect across the economic spectrum. Equally, it also shifts India's investment narrative away from disappointing growth, disruptive reform and Covid, and towards the opportunities to invest in the new economy in a young and vibrant population. This a major step change to which investors are only just beginning to wake up, as India becomes a realistic alternative to China and a meaningful investment opportunity.

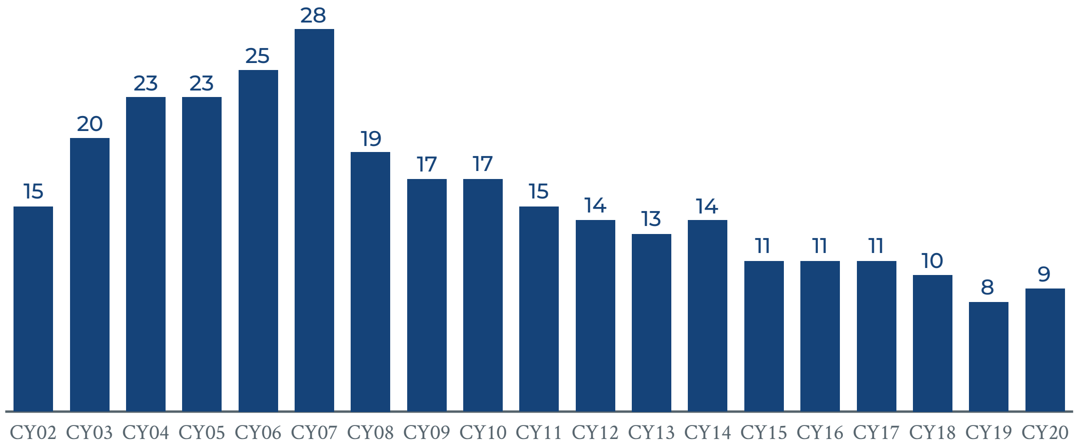
Third is the rapid and ongoing formalisation of India's savings which is providing incremental capital to fund this growth, as well as reducing volatility in the stock market. Equities are benefiting from increasing participation by the mutual fund industry that is contributing over $1bn a month of flows coming from systematic investment plans (SIPs), many emanating from second and third tier towns. The distribution of savings assets in India between physical and financial is approximately 80% to 20%, where in the UK it is the inverse at 20% to 80%. China sits at 56% in physical and the balance in financial, implying that Indian equities can expect to see ongoing inflows for many years before a parity is reached. In addition, we anticipate that India will be included in global bond indices which will create demand for India sovereign paper overseas (currently India has no credit trading offshore) incrementally reducing the crowding out impact of government borrowing. This is a multi year process that will take time to impact, but the direction of travel is clear and irreversible.

Distribution of financial and physical assets globally (%)

Interaction with our portfolio companies suggests that confidence is returning. Profits have held up relative to expectations despite the second lockdown, principally because business was able to continue as best as it could unlike the total lockdown of the first wave. Earnings forecasts for the portfolio have been upgraded over the last three quarters and we sense that a private sector investment cycle may be evolving after a long absence. This is not yet evident in corporate loan growth that remains below nominal GDP growth, but we anticipate this to show signs of recovery in due course. The financial sector was severely affected by the liquidity crisis of 2018/19 in tandem with tighter reporting norms from the Reserve Bank's prompt corrective action plan. Covid generated a different set of provisioning requirements, equally affecting profitability and loan growth. If, or indeed when, a third wave strikes the Banks will face further pressure on this front.

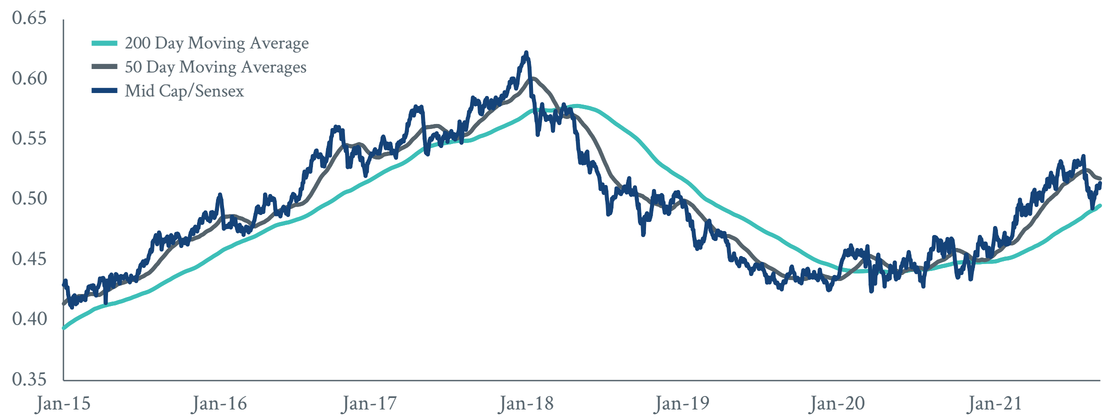
INVESTMENT MANAGER'S REPORT (continued)

BSE 500 ROE (%)



The BSE500 market has risen 24.9% in Sterling terms since the beginning of the year (having risen 9.6% in 2020) and valuations are above the long-term average. Hence, India's equity markets do not look cheap relative to either their peer group or indeed their own history. However, debt to equity levels for the top 500 companies are at seven year lows and profitability (aggregate return on equity, ROE) is at its lowest level since 2002. Mid and Small cap companies lagged their Large cap peers from 2017 onwards, but this trend has reversed with the former outperforming by 16% year to date. A shift in the Federal Reserve's commentary about the pace of monetary tightening would be expected to adversely impact Emerging Markets, including India, as would the Reserve Bank of India's expectations around domestic inflation which has been rising. Connected to these risks is ongoing upward pressure in international oil and commodity prices that impact inflation and will be passed through to consumers over time. India's handling of the Covid crisis highlighted the underinvestment in healthcare infrastructure which caused a devastating impact in all parts of the population both rural and urban, rich, and poor. Today, India stresses its preparedness for a third wave but how this would play out and how the market will react is uncertain. These short-term considerations should be put aside as attention would be better focused on the underlying dynamics that are driving the rapid development of India's economy and the consequences that will emerge for patient investors.

India Midcaps outperforming Large Caps (31st Aug 2021)



INVESTMENT MANAGER'S REPORT (continued)

ATTRIBUTION

The portfolio' net asset value (before the non-resident capital gains tax provision) rose 28.2% in the six months to the end of June, outperforming the BSE Midcap TR Index by 6.0. Over the period the Indian Rupee depreciated by 3.4% against Sterling. At a sector level, three sectors delivered the lion's share of outperformance, notably Materials, Healthcare and Consumer Discretionary with IT services also contributing positively. Portfolio performance was dragged down by Financials, Industrials and cash which averaged 1.8% in the six-month period. Over this period the portfolio exited three stocks: Exide, BLS International Services and Arihant Foundations. The latter has been with us from 2009 and finally the management agreed to buy it back from us, confirming our suspicions the real estate sector was coming back to life. BLS International was another stock that was purchased prior to the investment process refresh and after a decent recovery in the share price and its liquidity, we were able to fully exit our position. Exide Industries was sold on the basis that it may lose market leadership in the evolving battery space. Two new stocks have been added to the Group's investment portfolios: Bajaj Electricals was acquired over March and April 2021 and has been included as a proxy for a real estate recovery since its products are directly linked to the housing sector. The portfolio's most recent purchase is Sona BLW Precision Forgings Limited, increasing the portfolio's exposure to specialist auto component manufacturing. This is a direct play on the growth of the Electric Vehicle (EV) market as the company specialises in differential gears and assemblies with specific high torque components and starter motors for EVs that focus on noise reduction qualities. Sona is the sole supplier to Tesla's China plant (amongst other global OEMs) and it is expected to see healthy volume and margin growth into the future as the EV market evolves.

In the Materials sector, it was the portfolio's cement stocks, JK Lakshmi (3.2% weighting) and Sagar Cements (2.2% weighting) that rose 64% and 63% respectively over the six months under review. In support was Ramkrishna Forgings (3.4% weighting up 34%) and Aarti Industries (specialty chemicals, 2.7% weighting, up 37%). Consumer Discretionary stock performance was led by Dixon Technologies (electrical manufacturing, 2.7% weighting up 59%) and Welspun (textiles, 2.9% weighting, up 38%). Balkrishna Industries (tyre manufacturer, 2.9% weighting, up 33%) categorised as Consumer Discretionary, also contributed. In healthcare, it was Neuland Laboratories that rose over 90% over the first half of 2021. The company had been through a series of operational restructurings which have started to bear fruit, increasing capacity and focusing on more profitable product lines. It remains a major beneficiary of ongoing supply chain diversification away from China in the pharmaceutical space. Finally, Information Technology performed well led by Persistent Systems, (2.6% weighting, up 89%). This sector is seeing strong visibility on order growth as businesses globally migrate their systems to the Cloud and continue to digitalise. On the downside, Financials were the biggest detractor to performance: City Union Bank (2.8% weighting, down 11%) and Indusind Bank (5% weighting, down 10%) were the premium culprits both affected by market concerns over asset quality issues in their loan books because of Covid.

The portfolio's exposure to Industrials also generated negative attribution. This was a combination of being underweight a sector that performed well and some stock weakness, particularly in PSP Projects (construction, 1.4% weighting, down 2.3%). At 30 June 2021 the portfolio held 32 securities.

OUTLOOK

India's performance relative to other emerging markets has improved recently after an extended lag. As the benefits of the structural reform initiatives introduced by Prime Minister Modi take effect and economic growth regains momentum we are confident that this outperformance will continue.

Ocean Dial Asset Management

28 September 2021

DIRECTORS' REPORT

The Directors present their interim report and the unaudited financial statements of the Company for the period from 1 January 2021 to 30 June 2021.

THE COMPANY

India Capital Growth Fund Limited (the "Company") was registered in Guernsey on 11 November 2005 and is a closed-ended investment company with its shares admitted to trading on the main market of the London Stock Exchange. At 30 June 2021, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited. The Company has an unlimited life, although a redemption facility has been put in place following the passing of a shareholders' resolution at a General Meeting on 12 June 2020. The first date at which shareholders will be able to request the redemption of some or all of their shares will be on 31 December 2021, with a record date of 30 September 2021.

INVESTMENT POLICY

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

The portfolio concentration ranges between 30 and 40 stocks; however, to the extent the Company grows, the number of stocks held may increase over time. The Company is subject to the following investment limitations: No more than 10% of Total Assets may be invested in the securities of any one Issuer or invested in listed closed-ended funds. The Board of Directors of the Company does not intend to use derivatives for investment purposes. The Directors confirm the investment policy of the Company has been complied with throughout the period from 1 January 2021 to 30 June 2021.

RESULTS AND DIVIDENDS

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

The results for the period are set out in the unaudited 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 period ended 30 June 2021 (2020: £nil).

GOING CONCERN

During 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing with companies across multiple industries and the World. The Company will continue to monitor the impact COVID-19 has on them and reflect the consequences as appropriate in its accounting and reporting. The Board made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements.

Given the Company's previous performance, the Directors proposed a continuation ordinary resolution at the Extraordinary General Meeting held in June 2020 rather than at the Annual General Meeting in September 2020 as initially envisaged.

At the Extraordinary General Meeting held on 12 June 2020, the Shareholders approved an Ordinary Resolution that the Company continue as currently constituted and introduce a redemption facility which gives the ordinary shareholders on record on the 30 September 2021 the ability to redeem part or all of their shareholding at the first redemption point on 31 December 2021 at an exit discount equal to 6% of NAV.

There is therefore a possibility that redemption requests may impair the future viability of the Company. This creates a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. If the Board believes this to be the case, the Board will investigate a range of options and put proposals to shareholders regarding the future of the Company. In an attempt to mitigate the potential for large redemptions, the Investment Management team in Mumbai has been substantially strengthened at both the Senior Management and analyst level which, together with a complete review

DIRECTORS' REPORT (continued)

of the investment management process, has resulted in a number of changes in the portfolio which are already having a positive effect on performance.

Notwithstanding the uncertainty over the potential redemptions, the Directors are satisfied that the Company has sufficient liquid resources to continue in business for the foreseeable future. Therefore the financial statements have been prepared on a going concern basis.

SUBSTANTIAL INTERESTS

Shareholders who have reported they held an interest of 3% or more of the Ordinary Share Capital of the Company at 31 August 2021 are stated in the table below:

	Number of shares	% holding
Lazard Asset Management	22,994,588	20.44
City of London Investment Management	17,344,068	15.42
Hargreaves Lansdown	8,706,146	7.74
Interactive Investor	6,724,779	5.98
Premier Miton Investors	4,150,000	3.69
Almitas Capital	4,067,941	3.62
Castellain Capital	3,692,429	3.28
Charles Stanley	3,517,442	3.13

DIRECTORS

The names of the Directors of the Company are set out on page "Management and Administration" on the inside front cover. Elisabeth Scott, Peter Niven and Patrick Firth all served throughout the period and to date. Lynne Duquemin was appointed as Director on 28 May 2021.

DIRECTORS' INTERESTS

At 30 June 2021, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares 30.06.21	Ordinary shares 30.06.20	Ordinary shares 31.12.20
Elisabeth Scott	50,000	50,000	50,000
Peter Niven	37,500	37,500	37,500
Patrick Firth	25,000	25,000	25,000

ONGOING CHARGES

In accordance with the recommended methodology set out by the Association of Investment Companies ("AIC"), the ongoing charges ratio ("OCR") of the Company and its subsidiary for the period ended 30 June 2021 was 1.48% based on an average AUM of £124,884,000 (30 June 2020: 1.79% based on an average AUM of £80,548,000 and 31 December 2020: 1.63% based on an average AUM of £88,908,000).

Approved by the Board of Directors and signed on behalf of the Board on 28 September 2021.

Peter Niven **Patrick Firth**

28 September 2021

RESPONSIBILITY STATEMENT OF THE DIRECTORS

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the half-yearly financial report and Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting; and

- the half-yearly financial report and Unaudited Condensed Interim Financial Statements (including the Investment Manager's Report) meet the requirements of an interim management report and include a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board by:

Peter Niven **Patrick Firth**

28 September 2021

PRINCIPAL INVESTMENTS

AS AT 30 JUNE 2021

HOLDING	Market cap size	Sector	Value £000	% of portfolio
Federal Bank	M	Financials – Banks	8,388	6.1%
Emami	M	Consumer Staples	7,395	5.4%
Indusind Bank	L	Financials – Banks	6,487	4.7%
PI Industries	M	Materials	6,191	4.5%
IDFC Bank	M	Financials – Banks	5,859	4.3%
Gujarat Gas	M	Utilities	5,584	4.1%
Tech Mahindra	L	Information Technology	5,099	3.7%
Persistent Systems	M	Information Technology	4,767	3.5%
Neuland Laboratories	S	Health Care	4,740	3.4%
Kajaria Ceramics	M	Industrials	4,541	3.3%
Ramkrishna Forgings	S	Materials	4,508	3.3%
Aegis Logistics	M	Energy	4,379	3.2%
Divi's Laboratories	L	Health Care	4,358	3.2%
JK Lakshmi Cement	S	Materials	4,347	3.2%
Welspun India	M	Consumer Discretionary	4,347	3.2%
Balkrishna Industries	M	Consumer Discretionary	4,091	3.0%
Jyothy Laboratories	S	Consumer Staples	4,032	2.9%
Aarti Industries	M	Materials	3,985	2.9%
Dixon Technologies	M	Consumer Discretionary	3,926	2.9%
Skipper	S	Industrials	3,903	2.8%
Total top 20 portfolio investments			**100,927**	**73.6%**

Market capitalisation size definitions:

L: Large cap – companies with a market capitalisation above US$7bn

M: Mid cap – companies with a market capitalisation between US$1bn and US$7bn

S: Small cap – companies with a market capitalisation below US$1bn

PORTFOLIO STATEMENT

AS AT 30 JUNE 2021

HOLDING	Market cap size	Nominal	Value £000	% of NAV
LISTED SECURITIES				
Consumer Discretionary				
Bajaj Electricals Ltd	M	233,192	2,326	1.7%
Balkrishna Industries	M	188,100	4,091	3.0%
Dixon Technologies	M	91,425	3,926	2.9%
Sona BLW Precision Forgings Limited	M	594,448	1,977	1.4%
Welspun India	M	4,642,193	4,347	3.2%
			16,667	12.1%
Consumer Staples				
Bajaj Consumer Care	S	1,175,750	3,263	2.4%
CCL Products India	S	1,068,000	3,751	2.7%
Emami	M	1,358,580	7,395	5.4%
Jyothy Laboratories	S	2,681,240	4,032	2.9%
			18,441	13.4%
Energy				
Aegis Logistics	M	1,311,000	4,379	3.2%
			4,379	3.2%
Financials - banks				
City Union Bank	M	2,054,000	3,324	2.4%
IDFC Bank	M	11,128,660	5,859	4.3%
Indusind Bank	L	657,100	6,487	4.7%
Federal Bank	M	9,914,400	8,388	6.1%
			24,058	17.5%
Financials - diversified				
Multi Commodity Exchange	M	241,000	3,562	2.6%
			3,562	2.6%
Financials - insurance				
ICICI Lombard Gen Ins	L	155,559	2,368	1.7%
			2,368	1.7%
Healthcare				
Divi's Laboratories	L	101,780	4,358	3.2%
Neuland Laboratories	S	225,751	4,740	3.4%
			9,098	6.6%

PORTFOLIO STATEMENT (continued)

HOLDING	Market cap size	Nominal	Value £000	% of NAV
Industrials				
Finolex Cables	M	770,000	3,888	2.8%
Kajaria Ceramics	M	477,000	4,541	3.3%
PSP Projects	S	396,307	1,609	1.2%
Skipper	S	4,472,101	3,903	2.8%
			13,941	10.1%
IT				
Persistent Systems	M	167,000	4,767	3.5%
Tech Mahindra	L	479,200	5,099	3.7%
			9,866	7.2%
Materials				
Aarti Industries	M	470,586	3,985	2.9%
Essel Propack	M	1,141,000	3,103	2.3%
JK Lakshmi Cement	S	775,000	4,347	3.2%
PI Industries	M	219,000	6,191	4.5%
Ramkrishna Forgings	S	700,000	4,508	3.3%
Sagar Cements	S	365,000	3,895	2.8%
The Ramco Cements	M	270,000	2,690	2.0%
			28,719	20.9%
Utilities				
Gujarat Gas	M	870,000	5,584	4.1%
			5,584	4.1%
Total equity investments			**136,684**	**99.4%**
Cash less other net assets			766	0.6%
Total Net Assets			**137,450**	**100.0%**

Market capitalisation size definitions:

L: Large cap – companies with a market capitalisation above US$7bn	13.3%
M: Mid cap – companies with a market capitalisation between US$1bn and US$7bn	61.3%
S: Small cap – companies with a market capitalisation below US$1bn	24.8%
	99.4%
Cash less other net current liabilities	0.6%
	100.0%

INDEPENDENT AUDITOR'S REPORT

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 2021 which comprises the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flow and related notes 1 to 14. 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.

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 Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the company will be prepared in accordance with IFRS as adopted in the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

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 Financial Reporting Council 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 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 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 in the financial statements. The June 2020 Extraordinary General Meeting introduced a redemption facility which gives the ordinary shareholders the right to request on 30 September 2021 the redemption of part or all of their shareholding at the first redemption point on 31 December 2021. If there was a substantial number of redemptions, this may impair the future viability of the Company. As stated in note 1, these events or conditions, indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

USE OF OUR REPORT

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 Financial Reporting Council. 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.

Deloitte LLP
Statutory Auditor
St Peter Port, Guernsey
28 September 2021

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 30 JUNE 2021

	Notes	Revenue £000	Capital £000	Unaudited Six months to 30.06.21 Total £000	Unaudited Six months to 30.06.20 Total £000	Audited Year to 31.12.20 Total £000
Income						
Dividend income		**16**	**-**	**16**	15	64
Net profit/(loss) on financial asset at fair value through profit or loss	5	**-**	**28,024**	**28,024**	(20,049)	10,900
Total income		**16**	**28,024**	**28,040**	(20,034)	10,964
Expenses						
Operating expenses	3	**(274)**	**-**	**(274)**	(194)	(473)
Foreign exchange loss		**(4)**	**-**	**(4)**	(46)	(65)
Investment management fees		**-**	**-**	**-**	(42)	(42)
Transaction costs		**-**	**-**	**-**	(21)	(23)
Other expenses		**-**	**-**	**-**	-	(8)
Total expenses		**(278)**	**-**	**(278)**	(303)	(611)
(Loss)/profit for the period/year before taxation		**(262)**	**28,024**	**27,762**	(20,337)	10,353
Taxation	6, 11	**-**	**(227)**	**(227)**	-	-
Total comprehensive (loss)/ income for the period/year after taxation		**(262)**	**27,797**	**27,535**	(20,337)	10,353
Earnings/(loss) per Ordinary Share (pence)	4			**24.48**	(18.08)	9.20
Fully diluted earnings/(loss) per Ordinary Share (pence)	4			**24.48**	(18.08)	9.20

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 (loss)/profit after tax is the "total comprehensive (loss)/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 18 to 25 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Unaudited 30.06.21 £000	Unaudited 30.06.20 £000	Audited 31.12.20 £000
Non-current assets				
Financial assets designated at fair value through profit or loss	5	**137,519**	78,434	109,695
Current assets				
Cash and cash equivalents		**132**	713	129
Other receivables and prepayments		**230**	234	271
		362	947	400
Current liabilities				
Payables	7	**(431)**	(156)	(180)
Net current assets		**(69)**	791	220
Net assets		**137,450**	79,225	109,915
Equity				
Ordinary share capital	9	**1,125**	1,125	1,125
Reserves		**136,325**	78,100	108,790
Total equity		**137,450**	79,225	109,915
Number of Ordinary Shares in issue	9	**112,502,173**	112,502,173	112,502,173
Net Asset Value per Ordinary Share (pence) - Undiluted and diluted		**122.18**	70.42	97.70

The unaudited financial statements on pages 14 to 25 were approved by the Board of Directors on 28 September 2021 and signed on its behalf by:

Peter Niven **Patrick Firth**

The notes on pages 18 to 25 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2021		1,125	25,093	(10,524)	94,221	109,915
Gain on investments	5	-	28,024	-	-	28,024
Revenue loss for the period after taxation		-	-	-	(489)	(489)
Balance as at 30 June 2021		**1,125**	**53,117**	**(10,524)**	**93,732**	**137,450**

FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2020		1,125	14,193	(10,524)	94,768	99,562
Loss on investments	5	-	(20,049)	-	-	(20,049)
Revenue loss for the period after taxation		-	-	(288)	-	(288)
Balance as at 30 June 2020		1,125	(5,856)	(10,812)	94,768	79,225

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 (AUDITED)

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2020		1,125	14,193	(10,524)	94,768	99,562
Gain on investments	5	-	10,900	-	-	10,900
Revenue loss for the year after taxation		-	-	-	(547)	(547)
Balance as at 31 December 2020		1,125	25,093	(10,524)	94,221	109,915

The notes on pages 18 to 25 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited 30.06.21 £000	Unaudited 30.06.20 £000	Audited 31.12.20 £000
Cash flows from operating activities			
Operating profit/(loss)	**27,535**	(20,337)	10,353
Adjustment for:			
Net (gains)/loss on financial asset at fair value through profit or loss	**(28,024)**	20,049	(10,900)
Foreign exchange losses	**4**	46	65
Dividend income	**(16)**	-	(64)
Decrease/(increase) in other receivables and prepayments	**41**	(81)	(118)
Increase/(decrease) in payables	**251**	(38)	(14)
Net cash flow used in operating activities	**(209)**	(361)	(678)
Cash flows from investing activities			
Dividend received	**16**	-	64
Acquisition of investments	**-**	(7,019)	(7,605)
Disposal of investments	**200**	4,423	4,697
Net cash flow from/(used in) investing activities	**216**	(2,596)	(2,844)
Net increase/(decrease) in cash and cash equivalents during the period/year	**7**	(2,957)	(3,522)
Cash and cash equivalents at the start of the period/year	**129**	3,716	3,716
Foreign exchange losses	**(4)**	(46)	(65)
Cash and cash equivalents at the end of the period/year	**132**	713	129

The notes on pages 18 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS TO 30 JUNE 2021

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 2020.

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 2020, 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 do not have any material effect on the Company's operations or the unaudited financial statements.

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

The following standards (some of which are amendments to existing standards) are effective for the first time for the financial period beginning 1 January 2020 and is relevant to the Company's operations:

- Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28; and
- Amendment to IFRS 16 Leases COVID-19 Related Rent Concessions effective 1 June 2020.

The following standards and amendments have been issued and are mandatory for accounting periods beginning on or after 1 January 2020 but are not relevant or have no material effect on the Company's operations or financial statements:

- Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform (issued on 26
- September 2019)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)
- EFRAG endorsement status report 18 February 2021

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

Going concern

During 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing with companies across multiple industries and the World. The Company will continue to monitor the impact COVID-19 has on them and reflect the consequences as appropriate in its accounting and reporting. The Board made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these financial statements.

Given the Company's previous performance, the Directors proposed a continuation ordinary resolution at the Extraordinary General Meeting held in June 2020 rather than at the Annual General Meeting in September as initially envisaged. At the Extraordinary General Meeting held on 12 June 2020, the Shareholders approved an Ordinary Resolution that the Company continue as currently constituted and introduce a redemption facility which gives the ordinary shareholders on record on the 30 September 2021 the ability to redeem part or all of their shareholding at the first redemption point on 31 December 2021 at an exit discount equal to 6% of NAV.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

There is therefore a possibility that redemption requests may impair the future viability of the Company. This creates a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. If the Board believes this to be the case, the Board will investigate a range of options and put proposals to shareholders regarding the future of the Company. In an attempt to mitigate the potential for large redemptions, the Investment Management team in Mumbai has been substantially strengthened at both the Senior Management and analyst level which, together with a complete review of the investment management process, has resulted in a number of changes in the portfolio which are already having a positive effect on performance.

Notwithstanding the uncertainty over the potential redemptions, the Directors are satisfied that the Company has sufficient liquid resources to continue in business for the foreseeable future therefore the financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

IFRS require management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results. The main use of accounting estimates and assumptions occurs in the calculation of the sensitivity analysis in note 11. In relation to the valuation of the unlisted investment, actual results may differ from the estimates. It is management's judgement that the Net Asset Value (NAV) of ICG Q Limited is an appropriate proxy for fair value as the Company can control the sale of the subsidiary's investments which are all listed on stock exchanges in India and therefore are mostly regarded as highly liquid. These are unchanged from the statutory accounts of the Company for the year ended 31 December 2020.

The principal risks and uncertainties of the Company are in relation to performance risk, market risk, relationship risk and operational risk. These are unchanged from 31 December 2020, and further details may be found in the Directors' Strategic Report within the Annual Report and Audited Consolidated Financial Statements of the Company for the year ended 31 December 2020. The Directors will continue to assess the principal risks and uncertainties relating to the Company for the remaining six months of the year but expect these to remain unchanged.

3. OPERATING EXPENSES

	Unaudited Six months to 30.06.21 £000	Unaudited Six months to 30.06.20 £000	Audited Year to 31.12.20 £000
Administration and secretarial fees	**24**	22	42
Audit fee	**2**	15	45
Broker fee	**15**	15	30
Directors' fees	**51**	44	88
D&O insurance	**5**	3	6
General expenses	**45**	17	64
Other professional fees	**32**	27	59
Redemption facility professional fees	**56**	-	56
Marketing expenses	**32**	36	55
Registrar fee	**3**	3	6
Regulatory fees	**9**	12	22
	274	194	473

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. EARNINGS PER SHARE

Earnings per Ordinary Share and the fully diluted profit per share are calculated on the profit for the period of £27,535,000 (2020 – loss of £20,337,000) divided by the weighted average number of Ordinary Shares of 112,502,173 (2020 – 112,502,173).

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

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

A summary of movements is as follows:

	Unaudited Six months to 30.06.21 Total £000	Unaudited Six months to 30.06.20 Total £000	Audited Year to 31.12.20 Total £000
Fair value at beginning of year	**109,695**	95,887	95,887
Disposal of investments	**(200)**	(4,423)	(4,697)
Acquisition of investments	**-**	7,019	7,605
Realised gain/(loss) on disposal of investments	**130**	(1,355)	(1,214)
Unrealised gain/(loss) on revaluation	**27,894**	(18,694)	12,114
Fair value at end of period/year	**137,519**	78,434	109,695

The net realised and unrealised gains totalling £28,024,000 (30 June 2020: loss of £20,049,000) on financial assets at fair value through profit and loss comprise of gains on the Company's holding in ICG Q Limited to the extent of £25,925,000(30 June 2020: loss of £17,088,000) and gains of £2,099,000 (30 June 2020: loss of £2,963,000) arising from investments in securities listed on Indian stock markets. The movement arising from the Company's holding in ICG Q Limited is driven by the following amounts within the financial statements of ICG Q Limited, as set out below:

	Unaudited Six months to 30.06.21 Total £000	Unaudited Six months to 30.06.20 Total £000	Audited Year to 31.12.20 Total £000
Dividend income	**256**	497	886
Unrealised gain/(loss) on financial assets at fair value through profit and loss	**28,819**	(16,467)	8,573
Realised gain/(loss) on disposal of investments	**797**	(2,023)	3,499
Investment management fee	**(663)**	(460)	(949)
Operating expenses	**(35)**	(35)	(149)
Taxes	**(13)**	(6)	(2)
Transaction costs	**(42)**	(70)	(109)
Foreign exchange (loss)/gain	**(2)**	1,476	(16)
Non-resident capital gains tax provision	**(3,192)**	-	-
Net gain/(loss) of ICG Q Limited	**25,925**	(17,088)	11,733

The equity investment represents holdings in listed securities in India and in 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. As described in the statutory accounts of the Company for the year ended 31 December 2020, the Company qualifies as an investment entity under IFRS 10. It therefore does not consolidate its investment in ICG Q Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 period ended 30 June 2021, the Company had a tax liability of £nil (2020: £nil).

India

India Capital Growth Fund Limited is subject to capital gains tax arising from investments in Indian companies under the Income Tax Act 1961. Further details are provided in note 11.

7. PAYABLES

	Unaudited 30.06.21 Total £000	Unaudited 30.06.20 Total £000	Audited 31.12.20 Total £000
Other payables and accruals	**204**	156	180
Non-resident capital gains tax provision	**227**	-	-
	431	156	180

8. SEGMENTAL INFORMATION

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

9. SHARE CAPITAL

Authorised Share Capital

Unlimited number of Ordinary Shares of £0.01 each

Issued share capital	Number of shares	Share capital £000
At 30 June 2021	**112,502,173**	**1,125**
At 30 June 2020	112,502,173	1,125
At 31 December 2020	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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. 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 2021 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	10,518	-	-	10,518
Unlisted securities	-	127,001	-	127,001
	10,518	**127,001**	**-**	**137,519**

The analysis as 30 June 2020 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	5,702	-	-	5,702
Unlisted securities	-	72,732	-	72,732
	5,702	**72,732**	**-**	**78,434**

The analysis as at 31 December 2020 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	8,419	-	-	8,419
Unlisted securities	-	101,276	-	101,276
	8,419	101,276	-	109,695

The Company's investment in ICG Q Limited, the Company's wholly owned unlisted 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. All the underlying investments of ICG Q Limited are categorised as Level 1 at 30 June 2021 and 2020. There has been no transfers between levels during the period. 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.

11. FINANCIAL INSTRUMENTS AND RISK PROFILE

The primary objective of the Company is to provide long-term capital appreciation by investing predominantly in companies based in India. The investment policy permits making investments in a range of equity and equity linked securities of such companies. The portfolio of investments comprise of listed Indian companies, predominantly mid cap and small cap.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. 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 period ended 30 June 2021, the Board determined that it was inappropriate to exercise such powers, although continuation of these powers will be sought at the next 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.

Market risk

Market price risk arises mainly from the uncertainty about future prices of the financial instrument held by the Company and its subsidiary, ICG Q Limited ("the Group"). It represents the potential loss the Group may suffer through holding market positions in the face of price movements.

The Group'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. The Group's investment portfolio is concentrated and, as at 30 June 2021, comprised investment in less than 35 companies. Thus, the Group has higher exposure to market risk in relation to individual stocks than more broadly spread portfolios.

The Group's investment portfolio consists predominantly of mid cap and small cap listed Indian securities, and thus the effect of market movements is not closely correlated with the principal market index, the BSE Sensex. The BSE Mid Cap Total Return Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio. Assuming perfect correlation, the sensitivity of the Group's investment portfolio to market price risk can be approximated by applying the percentage of funds invested (2021: 91.79%; 2020: 88.94%) to any movement in the BSE Mid Cap Total Return Index. At 30 June 2021, with all other variables held constant, this approximation would produce a movement in the net assets of the Group's investment portfolio of £12,617,000 (2020: £10,774,000) for a 10% (2020: 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 and its investments.

Foreign currency risk

Foreign currency risk arises mainly from the fair value or future cash flows of the financial instruments held by the Group fluctuating because of changes in foreign exchange rates. The Group's investment portfolio comprises of predominantly of 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 the Group's investment portfolio is the Rupee. The Group's policy is not to hedge the Rupee exposure.

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

At 30 June 2021, if the Indian Rupee had strengthened or weakened by 10% (2020: 10%) against Sterling with all other variables held constant, pre-tax profit for the period would have been £13,007,000 (2020: £10,115,000) 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, the consequent impact on the fair value of the Company's investment in ICG Q Limited and in the Company's investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial instruments and risk profile continued

Credit risk

Credit risk arises mainly from an issuer or counterparty being unable to meet a commitment that it has entered into with the Group. 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 are in relation to cash held by the custodian. Kotak Mahindra Bank Limited ("Kotak") acts as the custodian to the Group. The aggregate exposure to Kotak at 30 June 2021 was £3,901,000 (2020: £2,047,000).

Kotak acted as custodian of the Group's assets during the period. The securities held by Kotak as custodian are held in trust and are registered in the name of the Group. Kotak has a credit rating of 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 Rupee balances.

Liquidity risk

Liquidity risk arises mainly from the Group encountering difficulty in realising assets or otherwise raising funds to meet financial commitments. The Group has no unlisted securities and its focus is to invest predominantly in mid and small cap listed stocks, 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 the Group's investment portfolio.

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 investment portfolio at the prevailing market price and the distribution of proceeds back to the Company should it so wish.

All liabilities are current and due on demand.

Taxation risk

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

However, with effect from April 2017, the DTAA was amended such that the advantages of investing in India via Mauritius were removed and capital gains arising from investments in Indian companies are subject to Indian Capital Gains Tax regulations. Consequently, tax on short term capital gains (for investments held less than 12 months) of 15% and long-term capital gains (for investments held for 12 months or longer) of 10% apply to the investment portfolio. In this way, on average, the tax provision has been determined to be at 10.92% for the long term (provided on total gains of £ 2,078,611). Similarly, the short term tax provision was set on average 16.38% while the total gains were £ 0. As a result a capital gains tax provision of £ 227,000 (30 June 2020: £Nil, 31 December 2020: £Nil) was recorded in the accounts as well as a capital gains tax provision of £ 3,192,000 (30 June 2020: £Nil, 31 December 2020: £Nil) in the accounts of ICG Q Limited.

Shortly after the end of June, the value of gains in the whole portfolio triggered the requirement for a capital gains tax provision. Since this trigger, the process to calculate the provision has been refined and is being calculated monthly based on a stock by stock basis rather than an aggregate basis as reflected in these accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

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

The Directors are responsible for the determination of the investment policy and have overall responsibility for the Company's activities. Directors' fees are disclosed fully in each Annual Report.

The Investment Manager is entitled to receive a management fee payable jointly by the Group equivalent to 1.25% per annum of market capital value, calculated and payable monthly in arrears. The Investment Manager earned £663,000 in management fees during the six months ended 30 June 2021 (six months ended 30 June 2020: £502,000 and year ended 31 December 2020: £664,000) of which £124,000 was outstanding at 30 June 2021 (30 June 2020: £81,000 and 31 December 2020: £98,000).

Under the terms of the Administration Agreement, Apex Fund and Corporate Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a 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. The Administrator earned £24,000 for administration and secretarial services during the six months ended 30 June 2021 (six months ended 30 June 2020: £22,000 and year ended 31 December 2020: £42,000) of which £14,000 was outstanding at 30 June 2021 (30 June 2020: £7,500 and 31 December 2020: £10,000).

13. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2021 and the date of approving these financial statements.

14. SUBSEQUENT EVENTS

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the period ended 30 June 2021.

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