India Capital
GROWTH FUND

Interim Report and Unaudited Condensed Financial Statements

2022

FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

CONTENTS

MANAGEMENT AND ADMINISTRATION

DIRECTORS

Elisabeth Scott (Chair)
Peter Niven (retired 21 September 2022)
Patrick Firth
Lynne Duquemin
Nick Timberlake (appointed 19 July 2022)

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

Neville Registrars Limited
Neville House, Steelpark Road
Halesowen, Birmingham B62 8HD

INDEPENDENT AUDITOR

Deloitte LLP
Regency Court, Glategny Esplanade
St Peter Port, Guernsey GY1 3HW

CHAIR'S STATEMENT

The first half of 2022 saw Indian equity markets fall, although by slightly less than other emerging markets. Rising oil prices and concerns about global growth, both due in large part to the effects of the war in Ukraine, were the principal factors behind investor concerns. As is typical in an environment where investors are concerned about heightened risk, money was taken out of equity markets worldwide.

Policy makers in India sought to get ahead of the economic crisis and have introduced a number of measures designed to bolster the economy. The Reserve Bank of India has increased interest rates to support the currency: over the period the Indian Rupee strengthened by 4.3% in value against Sterling. While inflation peaked at 7.8% in April, there have been signs that the rate is declining. We shouldn't forget that India has been dealing with inflation at high levels for a number of years. India is projected to be the fastest growing major economy with GDP growth of 7.4% forecast for the calendar year 2022 and recently became the fifth largest economy in the world.

PERFORMANCE

The Net Asset Value (NAV) per share in the Company fell by 14.7%, underperforming the benchmark index (BSE Midcap Total Return Index), which fell by 8.5%. The key contributors to underperformance came from a broad range of sectors and different types of business. Exporters and global facing companies were particularly hard hit.

DISCOUNT

The discount of the share price to NAV widened over the period from 11.1% to 16.5%. This reflected investor concerns about equity markets and emerging markets in particular. Following the redemption of shares in January under the Redemption Facility 2021, a further 165,204 shares have been bought back in the market during the period. The Board keeps the discount under review and would like to see the discount narrow. The Board works with the Investment Manager and our brokers to identify ways to reduce the discount over time. No further shares have been bought.

THE BOARD

Peter Niven retired from the Board at the AGM in September after eleven years of service. The Board thanks Peter for his important contribution to the Company and his wise counsel will be greatly missed.

After a professionally managed search process, the Board has appointed Nick Timberlake as a non-executive director. Nick has extensive experience of the asset management industry, most recently as Head of Equities at HSBC Global Asset Management. For twenty years he managed funds investing in global emerging markets, latterly at HSBC Global Asset Management and before that at F&C Investment Management. Nick was elected as a director at the AGM.

INVESTOR RELATIONS

The Board would like to ensure that all shareholders have access to the information that they need about the Company. To that end, the programme of regular webinars hosted by Ocean Dial, our Investment Manager, continues to be rolled out. I urge shareholders who have not yet taken advantage of these webinars to sign up for updates on the India Capital Growth website (www.indiacapitalgrowth.com).

Efforts to promote the Company via the press and in investor seminars sponsored by wealth managers and others will be stepped up during the second half of the year. The Board believes that these are effective methods to keep shareholders informed and create interest in the Company from prospective shareholders.

OUTLOOK

As the war in Ukraine grinds on, there seems to be little prospect of a reduction in energy prices and the deleterious effects that this is having on economies across the world. It does seem, however, that India is better placed than many countries to weather this difficult environment. Despite the substantial outflows of foreign funds from the Indian equity market, strong domestic inflows are replacing at least part of those withdrawals.

Corporate profits are holding up well, despite fears of a slowdown, although some companies will continue to struggle as a result of commodity price rises or fears of recession in a number of major economies.

Thank you for your support. The Board is confident that the Investment Manager's strategy and positioning of the portfolio will stand us in good stead as markets improve.

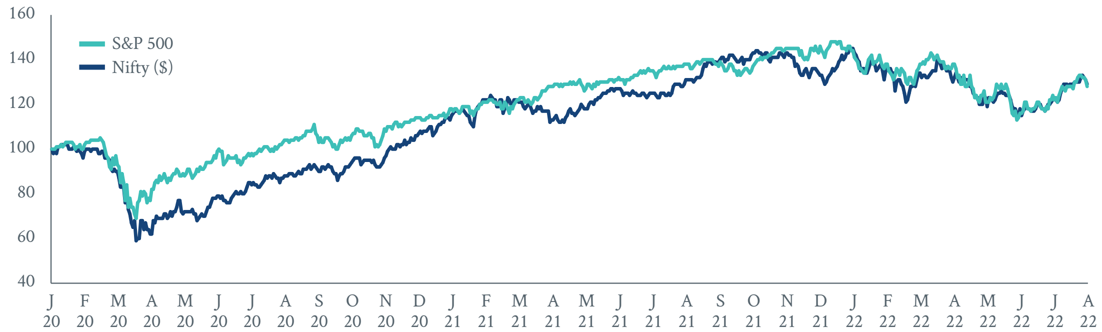
Elisabeth Scott | **Chair**

23 September 2022

INVESTMENT MANAGER'S REPORT

Since the onset of Covid in January 2020, India's equity markets have been highly correlated to global indices, further exacerbated by Russia's invasion of Ukraine. This, alongside uncertainty over stagflation (rising inflation as economic growth slows) have been the dominant themes driving market sentiment. This manifested itself in US$29bn of net outflows by foreign institutional investors (FIIs) from the Indian equity markets in the period under review.

Chart 1: High correlation between US & Indian markets



Source: Data from Bloomberg, compiled by Ocean Dial Asset Management

These constant selling pressures led to India's main board index (BSE Sensex TR) falling 4.1% (in GBP) over the six months to 30 June 2022 whilst the portfolio's notional benchmark (BSE Midcap TR Index) fell 8.5% over the same period. Investment returns in Sterling were supported by the stronger Rupee which rose 4.3% in value against Sterling over the period. By comparison the net asset value (NAV) of the portfolio fell 14.7% and the share price fell 19.8%. The monthly average discount of the share price to the NAV over the period was 13.1%

Although markets fell, India has held up convincingly by comparison to both Emerging and Developed market peers, which reinforces our conviction that the economy is more robust as a consequence of the reforms undertaken by PM Modi's government since 2014. And as such our belief that that India will become the "stand-out" economy over the next few years remains firmly intact. The following three factors fuel our conviction.

The first is the improving performance of India's Rupee (INR). In previous periods of global volatility, the country's high dependence on crude oil imports has invariably led to a sharp depreciation in the INR, often between 20% and 30%. (see chart 2).

Chart 2: Currency more stable in current crisis

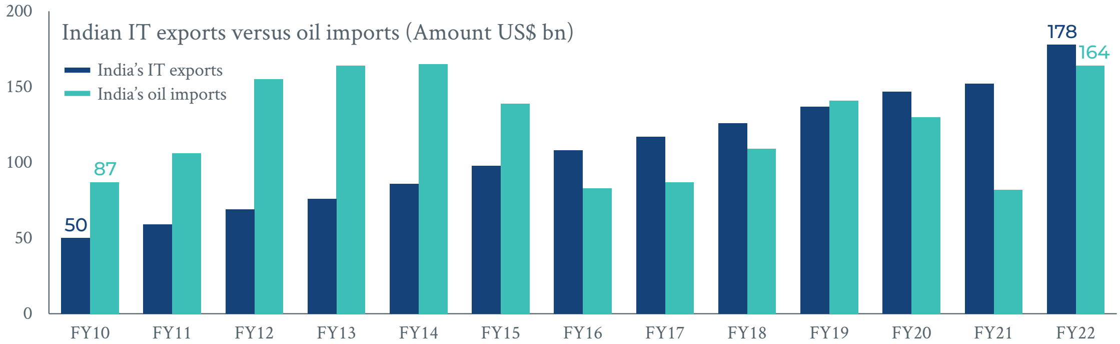
Source: Data from Bloomberg, compiled by Ocean Dial Asset Management

The past 6 months has seen the Rupee appreciate against Sterling and depreciate by 6.2% against a strengthening US Dollar. This is in spite of international crude oil prices hitting US$ 120/barrel and the aforementioned FII selling pressure. Lower currency volatility is predominantly a consequence of India's much improved external account.

There are two structural factors behind this;

a) India's Information Technology (IT) Service exports have been growing rapidly, rising in value from $76bn in 2013 to $178bn over the last fiscal year. IT service exports now exceed the cost of crude oil imports (which reached $164bn in the last financial year) and are expected to grow further from here.

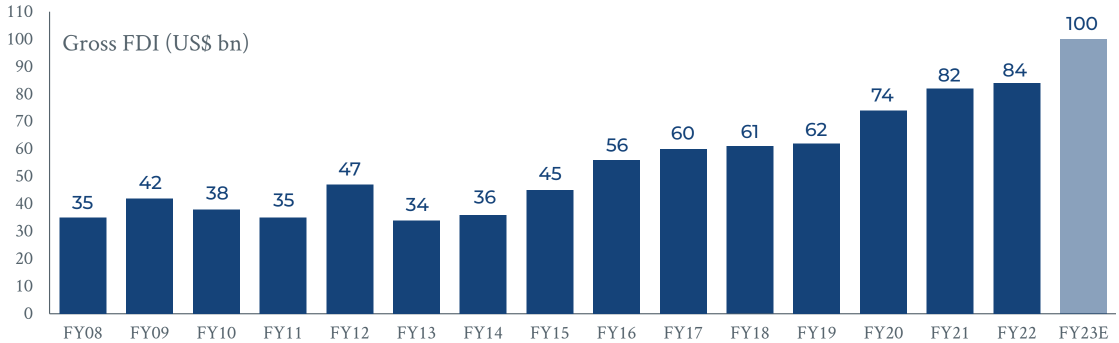
Chart 3: Indian IT exports offset oil imports



Source: NASSCOM and Ministry of Petroleum and Natural Gas

b) India is becoming a compelling investment destination for foreign capital. Long term Foreign Direct Investment previously running at less than $50bn annually is now reaching US$ 70-80bn every year. In the last financial year, the figure crossed $84bn.

Chart 4: FDI is on the rise



Source: Reserve Bank of India, Ocean Dial Asset Management as at end March 22

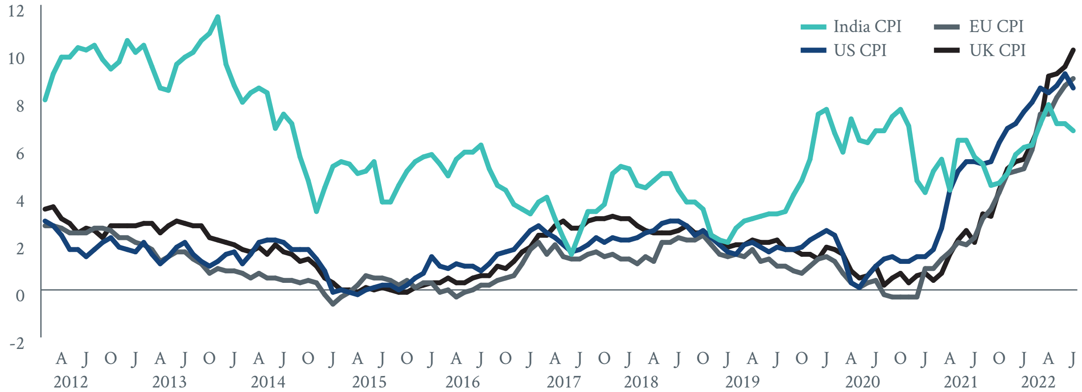
As a consequence, India is now running a balance of payments surplus and accumulating hard currency (US Dollar) reserves. As Chart 3 depicts, India enjoys the fourth highest US Dollar reserves globally.

The second is inflation. Consumer Price Inflation in India peaked at 7.8% in April and has been on a downward trend subsequently. Food is the biggest component of inflation (48% weight) and though food prices have increased, India is not only self-sufficient but now a net exporter. Another key component is energy (15% weight), but in this case the Government has cushioned the consumer partially by proactively adjusting the level of tax paid at the pump and forcing the downstream oil companies to bear a part of the incremental price rise.

INVESTMENT MANAGER'S REPORT (continued)

It is important to recognise that inflation in India has been structurally reduced following a change in the Reserve Bank of India's (RBI) mandate (to inflation targeting), in 2015. Admittedly at the current level of 6.7%, inflation is still above the 2-6% range as set by the RBI, but as yet there is little evidence of any meaningful impact on consumer spending. Corporate India has successfully passed through cost increases to the final consumer (in the form of higher prices) without any significant impact on demand. Barring a few industry pockets (IT and Financial Services in particular), there is no immediate pressure on wages. Inflation is less of a concern in India than in Western economies.

Chart 5: Inflation in India vs. other Developed economies

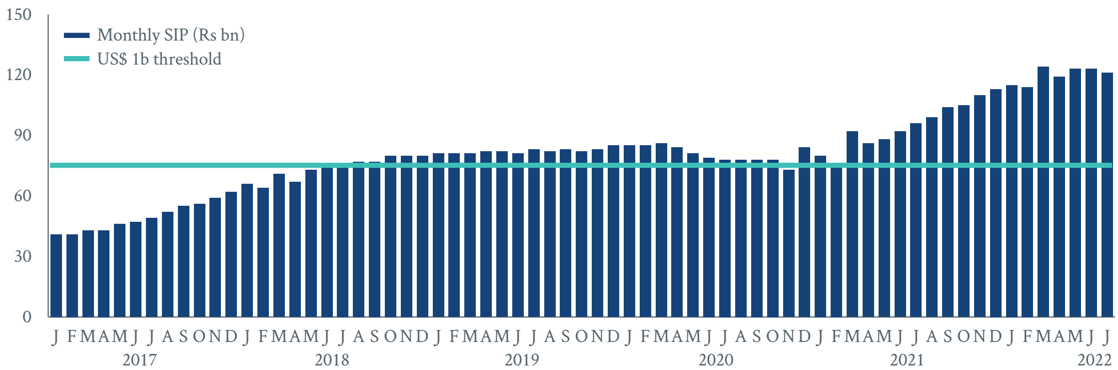


Source: Data from Bloomberg, compiled by Ocean Dial Asset Management

The third factor is a shift in the behaviour pattern of the domestic retail investors. The past four years has seen a steady flow of household savings switch from investing in physical assets (such as Real Estate and gold), to financial assets particularly equities. In spite of recent market volatility, appetite for equities has held up well, reinforcing this shift away from physical assets. Flows are predominately made up of small "ticket size" investments mostly originating in smaller towns and cities and invested through systematic investment plans (SIPs), on a monthly basis via a standing order equivalent.

Indeed, since June 2018, monthly SIP inflows have exceeded US$1bn, with the trend accelerating in the last six months. This was able to more than offset the foreign selling pressure, but now leaves FII exposure to listed Indian equities at 17.4%, multi decadal lows.

Chart 6: Steady inflows in domestic equity Mutual Funds through Systematic Investment plans

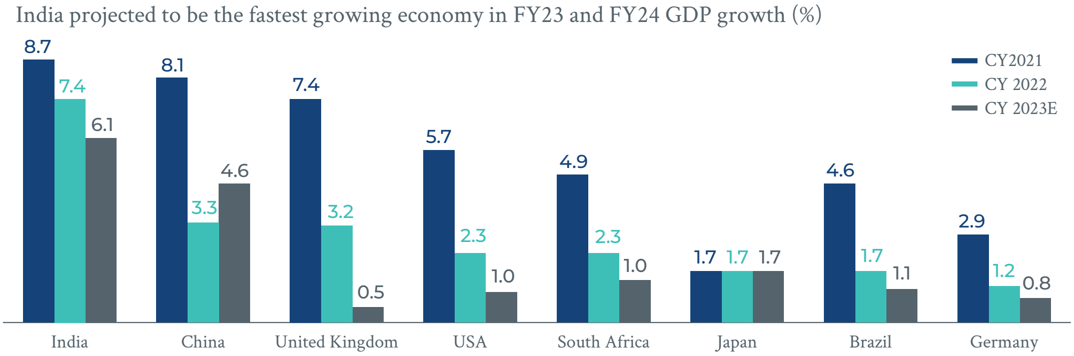


Source: Data from Bloomberg, compiled by Ocean Dial Asset Management. As at 31 July 2022

INVESTMENT MANAGER'S REPORT (continued)

These improvements have provided more flexibility to both the Government and the Central Bank to set policy suitable for the current environment. In this regard economic growth continues to be the main priority working in tandem with the Reserve Bank which continues to "cushion" currency volatility in order to reduce the inflationary impact of a weaker currency. The Government has also been proactive in addressing challenges on inflation and currency by introducing adjustments to duties on some key export and import items.

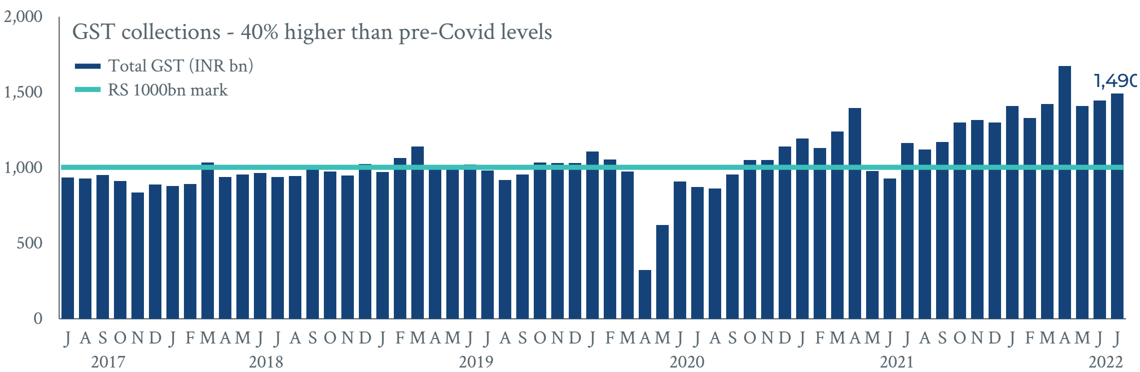
Chart 7: IMF GDP Forecast



Note: For India, CY21 =FY22, CY22E = FY23E and CY23E = FY24E
Source: Ocean Dial Asset Management, IMF: World Economic Outlook – July 2022

To further support this view, several high frequency data points are pointing to healthy economic momentum, supported by positive commentary from the corporate sector. Recent financial results indicate strong demand, with export related weakness partially offset by incremental market share gains coming from a shift away from China centric manufacturing. Chart 8 demonstrate the extent to which the recently introduced (2018) nationwide VAT equivalent, the Goods and Services Tax (GST) has evolved encouragingly after a shaky implementation phase and followed by a Covid induced collapse. This is a decent proxy for domestic economic momentum.

Chart 8: Robust GST Collections

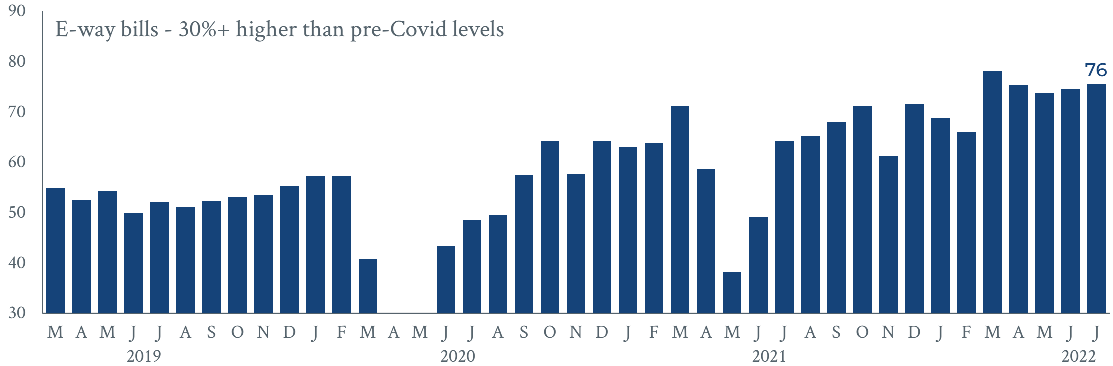


Source: Ocean Dial Asset Management

In a similar fashion, Chart 9 highlights the strong momentum building in the production of E-way bills. E-way bills are automatically generated when goods leave the factory gate and suggest no let-up in enterprise.

INVESTMENT MANAGER'S REPORT (continued)

Chart 9: E-way bills showing strong momentum



Source: Ocean Dial Asset Management

Our confidence in the health of the India economic model is replicated in the conversations we have with investee companies and other similar channel checks. Domestic demand is holding up well although our export facing investments are sounding more cautious. Input cost pressures are abating, and analysis indicates that operating margins will recover some lost ground in the second half of the year.

For the current year the portfolio earnings in aggregate are expected to expand by 34% and by a further 24% in the year to follow.

The key issue remains valuations. Since India has outperformed its emerging market peers it has become even more expensive on a relative basis. However, when considered in absolute terms index valuations in aggregate appear to be in line with long term averages, suggesting the market is fairly priced. On a stock by stock basis however, market volatility continues to provide decent buying opportunities which we continue to exploit, confident in the belief that the long term risk reward balance remains favourable.

Outlook

We forecast that the high levels of economic growth in India will be sustained for the following reasons;

1. The reform initiatives introduced by the Modi administration are complete, in the main. Although necessary, the process of implementation has been disruptive to growth and profitability these last years exacerbated by Covid and then war in Europe. But India's economy is healthier for it. Corporate India has de-leveraged its balance sheet and the banking system has cleaned up its asset quality issues. We expect an investment cycle to follow.

2. Government is prioritising a growth agenda, leading the way with increased investment in infrastructure. The expectation is that the private sector will follow in due course.

3. To abet this, the government is offering financial incentives to the private sector to capitalise on the opportunities thrown up by de-risking supply chain dependency on China.

4. A revival in the real estate and property sectors is underway after seven lean years. This can be a substantial driver of growth in employment, construction, building materials and other related sectors.

Although not insulated from the risk of slower growth globally India has domestic catalysts in abundance to drive growth in a way not experienced for many years.

Attribution

During the period, NAV per share fell 14.7%. In contrast the benchmark declined 8.5%, resulting in an underperformance of 6.2%. We are disappointed by this performance. The key contributors to underperformance came from a broad range of sectors and different types of business. Exporters and global facing companies were particularly hard hit.

INVESTMENT MANAGER'S REPORT (continued)

From a bottom up perspective, it was Welspun that caused the biggest drag on performance. Welspun is one of the leading home textile companies globally and a leader in the US markets for homeware. The Company's performance suffered as margins fell sharply on account of rising cotton prices (a key input), rising power costs and a fivefold increase in freight costs, with additional concerns over a potential US recession adding to the poor sentiment.

The Company has strong relationships with its US customers, all premium brands, and has negotiated in-built price escalation clauses to its contracts. This ensures that Welspun can pass through increased costs, albeit with a lag. More recently, Welspun has expanded its portfolio range and introduced in house brands both in India and overseas. These products are scaling up rapidly, expanding its opportunities to grow more broadly even after factoring in a slowdown in its core US business. Our financial models factor in lower operating margins for this year which are forecast to recover in the year following.

The Company is valued on a price/earnings multiple of 8x 12 months forward for a return on capital employed in excess of 20%, and a modest debt to equity ratio of 0.4X. Welspun leads the global textile industry in fulfilling its ESG practices in the Textile sector. We continue to keep the faith with this investment.

The portfolio's poor relative performance also resulted from exposure to the IT services sector through Tech Mahindra Limited and Persistent Systems. Stock prices across the sector de-rated in anticipation of a slowdown in the United States reducing demand for IT outsourcing services. Both companies delivered strong performance in the last financial year as growth accelerated, led by increased demand for digital IT in the post Covid world. There has been a marked shift in the nature of work carried out by these companies. It has moved from helping its customers to optimise their cost base, to supporting these customers to maximise revenues. As such the quality of the income stream is less discretionary in nature and hence fears of slower growth has been overplayed.

The other major contributor to the portfolio's underperformance was exposure to IDFC First Bank. The stock fell more than 30% over the period under review, performing worse than its peers. This was despite the bank's operating performance exceeding its own guidance and our own forecasts. Valuations are also reasonable because IDFC Bank is expected to be core to future returns, the opportunity to increase the portfolio's exposure was taken. The market is waiting to understand more about how the bank's merger with IDFC (an infrastructure financer, and the parent) and its ongoing conversion to a retail focused bank, unfolds. The number of sell side analysts writing research about the bank is increasing, reflecting greater interest in the stock, which bodes well.

The main positive contributors to portfolio returns were Federal Bank, Jyothy Laboratories and PSP Industries. All three delivered results for several quarters which have exceeded expectations, and the economic outlook improving there is growing confidence that this will sustain.

Activity

The portfolio sold out of Gujarat Gas, which is the largest city gas distribution company. The stock had performed well but our concerns grew as expectations of rising gas prices affecting industrial demand emerged. The portfolio also removed its exposure to Aegis Logistics, which is India's leading gas logistics platform following the announcement of a joint venture with a global player, which provided little clarity on future plans for growth. In parallel, the portfolio added Cholamandalam Investments, which is India's leading and most profitable commercial vehicle finance company. Cholamandalam has recently diversified into adjacent lending segments which will offer greater growth visibility in the long term.

Additionally, the portfolio subscribed to a new listing from Vedant Fashions which is a niche but dominant manufacturer of ethnic clothing for weddings and other celebratory events, alongside initiating a position in Star Healthcare, a leading health Insurance company.

Overall the number of stocks in the portfolio has risen by two to thirty four. Recent entrants have entered the portfolio at lower percentage weightings which will be increased cautiously over time.

Ocean Dial Asset Management
23 September 2022

DIRECTORS' REPORT

The Directors present their interim report and the unaudited condensed financial statements of the Company for the period from 1 January 2022 to 30 June 2022.

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 2022, 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 next date at which shareholders will be able to request the redemption of some or all of their shares will be on 31 December 2023, with a record date of 30 September 2023.

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 2022 to 30 June 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The Principal Risks and Uncertainties outlined on pages 15 and 16 in the Annual Report 2021 remain unchanged for the period to date with the exception of Emerging Risks given the Russia/Ukraine conflict and rising inflation and energy costs.

Whilst the ongoing conflict between Russia and Ukraine is having a significant impact on the supply and cost of energy and agricultural commodities for many of the world's economies, the Indian economy has been less impacted than most others: India's dependency on imported oil remains but the overall economic impact has been offset by the increasing value of India's IT exports and the government no longer directly absorbs the cost of rising oil costs.

Whilst India is experiencing high inflation with CPI at 7% as at the end June, this is expected to fall to 6.4% by year end. India's inflation is not driven by weak monetary policy, wage pressure or the expectation of wage increases, and India is self-sufficient in agricultural commodities meaning the risk of high inflation having a detrimental impact upon the Indian economy is much less than in many other countries.

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 condensed 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 2022 (2021: £nil).

GOING CONCERN

The Board made an assessment of the Company's ability to continue as a going concern for the twelve months from the date of approval of these financial statements taking into account all available information about the future including the liquidity of the investment portfolio held both by the Company and its subsidiary, ICG Q Limited (74.1% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio (the net asset

DIRECTORS' REPORT (continued)

value of the Company decreased 14.7% in the year); the overall size of the Company and its impact on the Ongoing Charges of the Company (the net asset value of the Company exceeded £100m throughout the year); the level of operating expenses covered by highly liquid investments held in the portfolio (operating expenses are 41 times covered by highly liquid investments); and the length of time to remit funds from India to Mauritius and Guernsey to settle ongoing expenses (no more than 10 days to have investments liquidated and sterling funds in Guernsey).

Given the Company's previous performance, the Directors proposed a continuation ordinary resolution at the Extraordinary General Meeting held on 12 June 2020, at which the Shareholders approved that the Company continue as currently constituted and introduce a redemption facility which gives the ordinary shareholders the ability to redeem part or all of their shareholding at a Redemption Point every two years. The first Redemption Point was on 31 December 2021 when valid redemption requests were received in respect of 15,608,872 ordinary shares (13.9% of the then issued share capital) and 200,000 ordinary shares were placed, under the redemption facility at a total cost of £19.5m in accordance with the announced timetable. The next date at which shareholders will be able to request the redemption of some or all of the shares will be 31 December 2023 at a discount of no more than 3%.

The Directors are satisfied that the Company has sufficient liquid resources to continue in business for the foreseeable future and did not identify any material events and/or conditions that may cast significant doubt on the ability of the Company to continue as a going concern and therefore these interim financial statements have been prepared on a going concern basis.

OUTLOOK

Whilst the ongoing conflict between Russia and Ukraine is having a significant impact on the supply and cost of energy and agricultural commodities for many of the world's economies, the Indian economy has been less impacted than most others: India's dependency on imported oil remains but the overall economic impact has been offset by the increasing value of India's IT exports and the government no longer directly absorbs the cost of rising oil costs.

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The investment philosophy of the Company is 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 Indian economy. Whilst uncertainties remain the future outlook for the portfolio investee companies remains generally strong. This is reflected in the fact that the Net Asset Value of the Company has increased by some 20% over the two months since the period end.

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 2022 are stated in the table below:

	Number of shares	% holding
Lazard Asset Management	22,107,843	22.91
City of London Investment Management	16,593,064	17.19
Hargreaves Lansdown	9,244,371	9.58
Interactive Investor	8,155,828	8.45
AJ Bell	3,161,847	3.28
JM Finn	2,955,804	3.06

DIRECTORS

The names of the Directors of the Company are set out on the Contents page. Elisabeth Scott, Patrick Firth and Lynne Duquemin all served throughout the year and to date. Peter Niven retired at the Annual General Meeting of the Company held on 21 September 2022. Nick Timberlake was appointed as a Director on 19 July 2022.

DIRECTORS' INTERESTS

At 30 June 2022, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares 30.06.22	Ordinary shares 30.06.21	Ordinary shares 31.12.21
Elisabeth Scott	50,000	50,000	50,000
Peter Niven	37,500	37,500	37,500
Patrick Firth	25,000	25,000	25,000
Lynne Duquemin	19,125	-	-

Following his appointment on 19 July 2022, Nick Timberlake acquired 20,000 ordinary shares in the Company on 21 July 2022.

DIRECTORS' REPORT (continued)

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 2022 was 1.62% based on an average AUM of £118,619,333 (30 June 2021: 1.48% based on an average AUM of £124,884,000 and 31 December 2020: 1.50% based on an average AUM of £136,856,000).

Approved by the Board of Directors and signed on behalf of the Board on 23 September 2022.

Lynne Duquemin **Patrick Firth**
23 September 2022

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

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with EU-adopted IAS 34 'Interim Financial Reporting';

b) the interim director's report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim director's report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Signed on behalf of the Board by:

Lynne Duquemin
23 September 2022

Patrick Firth

PRINCIPAL INVESTMENTS

AS AT 30 JUNE 2022

HOLDING	Market cap size	Sector	Value £000	% of portfolio
Federal Bank	M	Financials	7,501	6.6%
Ramkrishna Forgings	S	Materials	5,306	4.7%
Emami	M	Consumer Staples	5,287	4.7%
Indusind Bank	M	Financials	4,955	4.4%
Persistent Systems	M	Information Technology	4,550	4.0%
City Union Bank	S	Financials	4,526	4.0%
Affle India	S	Communication Services	4,088	3.6%
IDFC Bank	M	Financials	4,074	3.6%
Balkrishna Industries	M	Consumer Discretionary	3,912	3.5%
PI Industries	M	Materials	3,829	3.4%
Tech Mahindra	L	Information Technology	3,540	3.1%
Kajaria Ceramics	S	Industrials	3,434	3.0%
Bajaj Electricals	S	Consumer Discretionary	3,337	3.0%
Neuland Laboratories	S	Healthcare	3,211	2.8%
Jyothy Laboratories	S	Consumer Staples	3,192	2.8%
Aarti Industries	M	Materials	2,974	2.6%
Welspun India	M	Consumer Discretionary	2,967	2.6%
Multi Commodity Exchange	S	Financials	2,949	2.6%
CCL Products India	S	Consumer Staples	2,909	2.6%
Dixon Technologies	M	Consumer Discretionary	2,906	2.6%
Total top 20 portfolio investments			**79,447**	**70.2%**

Market capitalisation size definitions:

L: Large cap – companies with a market capitalisation above US$8bn

M: Mid cap – companies with a market capitalisation between US$2bn and US$8bn

S: Small cap – companies with a market capitalisation below US$2bn

PORTFOLIO STATEMENT

AS AT 30 JUNE 2022

HOLDING	Market cap size	Nominal	Value £000	% of NAV
LISTED SECURITIES				
Communication Services				
Affle India	S	370,000	4,088	3.6%
			4,088	3.6%
Consumer Discretionary				
Bajaj Electricals	S	312,734	3,337	3.0%
Balkrishna Industries	M	174,663	3,912	3.5%
Dixon Technologies	M	78,000	2,906	2.6%
Jubilant Foodworks	M	287,500	1,534	1.4%
Sona BLW Precision Forgings	M	457,000	2,638	2.3%
Vedant Fashions	M	116,638	1,174	1.0%
Welspun India	S	4,099,080	2,967	2.6%
			18,468	16.3%
Consumer Staples				
CCL Products India	S	727,883	2,909	2.6%
Emami	M	1,207,126	5,287	4.7%
Jyothy Laboratories	S	2,046,618	3,192	2.8%
			11,388	10.1%
Financials				
Cholamandalam Investment and Finance Company	M	175,000	1,130	1.0%
City Union Bank	S	3,264,000	4,526	4.0%
IDFC Bank	M	12,430,000	4,074	3.6%
Indusind Bank	M	598,500	4,955	4.4%
Multi Commodity Exchange	S	216,345	2,949	2.6%
Star Health & Allied Insurance	M	116,356	593	0.5%
Federal Bank	M	7,980,000	7,501	6.6%
			25,728	22.8%
Healthcare				
Divi's Laboratories	L	58,200	2,202	1.9%
Neuland Laboratories	S	261,227	3,211	2.8%
			5,413	4.8%

PORTFOLIO STATEMENT (continued)

HOLDING	Market cap size	Nominal	Value £000	% of NAV
Industrials				
Finolex Cables	S	574,585	2,253	2.0%
Kajaria Ceramics	S	347,698	3,434	3.0%
PSP Projects	S	459,000	2,646	2.3%
Skipper	S	4,185,000	2,373	2.1%
			10,706	9.5%
IT				
Coforge	M	30,000	1,107	1.0%
Persistent Systems	M	128,355	4,550	4.0%
Tech Mahindra	L	339,719	3,540	3.1%
			9,197	8.1%
Materials				
Aarti Industries	M	408,435	2,974	2.6%
Essel Propack	S	1,141,000	1,774	1.6%
JK Lakshmi Cement	S	560,515	2,455	2.2%
PI Industries	M	143,556	3,829	3.4%
Ramkrishna Forgings	S	3,142,775	5,306	4.7%
Sagar Cements	S	1,611,000	2,888	2.6%
The Ramco Cements	S	238,500	1,583	1.4%
			20,809	18.4%

	Value £000	% of NAV
Total equity investments (including those held by ICG Q Limited)	**105,797**	**93.6%**
Cash less other net current liabilities	7,257	6.4%
Total Net Assets (before deferred tax provision for India CGT)	**113,054**	**100.0%**
Total deferred tax provision for Indian CGT (including provision held by ICG Q Limited)	(2,065)	
Total Net Assets (after deferred tax provision for India CGT)	**110,989**	

Market capitalisation size definitions:	
L: Large cap – companies with a market capitalisation above US$8bn	5.1%
M: Mid cap – companies with a market capitalisation between US$2bn and US$8bn	42.6%
S: Small cap – companies with a market capitalisation below US$2bn	45.9%
	93.6%

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 2022 which comprises the unaudited condensed statement of comprehensive income, the unaudited condensed statement of financial position, the unaudited condensed statement of changes in equity, the unaudited condensed statement of cash flows and related notes 1 to 13.

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 2022 is not prepared, in all material respects, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

We conducted our review in accordance with International Standard on Review Engagements (UK) 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 (ISRE (UK) 2410). 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.

As disclosed in note 1, the annual financial statements of the Company are 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 International Accounting Standard 34, "Interim Financial Reporting" as adopted by the EU.

CONCLUSION RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the Company in accordance with ISRE (UK) 2410. 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
23 September 2022

India Capital
GROWTH FUND

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 30 JUNE 2022

	Notes	Revenue £000	Capital £000	Unaudited Six months to 30.06.22 Total £000	Unaudited Six months to 30.06.21 Total £000	Audited Year to 31.12.21 Total £000
Income						
Dividend income		**26**	**-**	**26**	16	94
Other income		**5**	**-**	**5**	-	-
Foreign exchange gain		**63**	**-**	**63**	-	2
Net (loss)/gain on financial asset at fair value through profit or loss	5	**-**	**(20,403)**	**(20,403)**	28,024	42,315
Total (loss)/income		**94**	**(20,403)**	**(20,111)**	28,040	42,411
Expenses						
Operating expenses	3	**(289)**	**-**	**(289)**	(274)	(586)
Foreign exchange loss		**-**	**-**	**-**	(4)	-
Transaction costs		**(12)**	**-**	**(12)**	-	(4)
Total expenses		**(301)**	**-**	**(301)**	(278)	(590)
(Loss)/profit for the period/year before taxation		**(207)**	**(20,403)**	**(20,412)**	27,762	41,821
Taxation	6	**193**	**-**	**193**	(227)	(217)
Total comprehensive (loss)/ income for the period/year after taxation		**(14)**	**(20,403)**	**(20,417)**	27,535	41,604
(Loss)/earnings per Ordinary Share (pence)	4			**(20.84)**	24.48	
Fully diluted (loss)/ earnings per Ordinary Share (pence)	4			**(20.84)**	24.48	

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 20 to 28 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	Unaudited 30.06.22 £000	Unaudited 30.06.21 £000	Audited 31.12.21 £000
Non-current assets				
Financial assets designated at fair value through profit or loss	5	**109,794**	137,519	148,786
Current assets				
Cash and cash equivalents		**1,270**	132	2,510
Other receivables and prepayments		**152**	230	180
		1,422	362	2,690
Current liabilities				
Payables		**(227)**	(204)	(247)
Net current assets		**1,195**	(69)	2,443
Non-Current liabilities				
Deferred Taxation		**-**	(227)	(198)
Net assets		**110,989**	137,450	151,031
Equity				
Ordinary share capital	8	**965**	1,125	1,121
Reserves		**110,024**	136,325	149,910
Total equity		**110,989**	137,450	151,031
Number of Ordinary Shares in issue	8	**96,515,653**	112,502,173	112,089,729
Net Asset Value per Ordinary Share (pence) - Undiluted and diluted		**115.00**	122.18	134.74

The unaudited condensed financial statements on pages 16 to 28 were approved by the Board of Directors on 23 September 2022 and signed on its behalf by:

Lynne Duquemin **Patrick Firth**

The notes on pages 20 to 28 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 30 JUNE 2022

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2022		1,121	67,408	(10,524)	93,026	151,031
Loss on investments	5	-	(20,403)	-	-	(20,403)
Share repurchase	8	(156)	-	-	(19,469)	(19,625)
Revenue loss for the period after taxation		-	-	-	(14)	(14)
Balance as at 30 June 2022		**965**	**47,005**	**(10,524)**	**73,543**	**110,989**

FOR THE SIX MONTHS TO 30 JUNE 2021

	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 YEAR TO 31 DECEMBER 2021

	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	-	42,315	-	-	42,315
Share repurchase[1]	8	(4)	-		(484)	(488)
Total comprehensive income for the year		-	-	-	(711)	(711)
Balance as at 31 December 2021		1,121	67,408	(10,524)	93,026	151,031

[1] Treasury reserve and Other Distributable reserve were separately disclosed in the 2021 financial statements with the Treasury reserve amount of (£76,000) and Other Distributable reserve amount of £ 93,102,000. These have been combined for presentation purposes to show a total amount of £ 93,026,000. The transactions for the transfer of shares to treasury and the redemption of shares were also combined for presentation purposes. There is no change in the total equity as a result of the above presentation changes.

The notes on pages 20 to 28 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS TO 30 JUNE 2022

	Unaudited 30.06.22 £000	Unaudited 30.06.21 £000	Audited 31.12.21 £000
Cash flows from operating activities			
Operating (loss)/ profit	**(20,412)**	27,535	41,623
Adjustment for:			
Net losses/(gains) on financial asset at fair value through profit or loss	**20,403**	(28,024)	(42,315)
Foreign exchange (gains)/losses	**(63)**	4	(2)
Dividend income	**(26)**	(16)	(94)
Decrease in other receivables and prepayments	**28**	41	91
(Decrease)/increase in payables	**(218)**	251	265
Cash used in operations	**(288)**	(209)	(432)
Tax paid	**(5)**	-	(19)
Net cash flow used in operating activities	**(293)**	(209)	(451)
Cash flows from investing activities			
Dividend received	**26**	16	94
Acquisition of investments	**(3,044)**	-	(1,029)
Disposal of investments	**21,633**	200	4,253
Net cash flow from investing activities	**18,615**	216	3,318
Net (decrease)/ increase in cash and cash equivalents during the period/year	**(1,303)**	7	2,379
Cash and cash equivalents at the start of the period/year	**2,510**	129	129
Foreign exchange gains/(losses)	**63**	(4)	2
Cash and cash equivalents at the end of the period/year	**1,270**	132	2,510

The notes on pages 20 to 28 form part of these financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS TO 30 JUNE 2022

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') as adopted by the EU, 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 2021.

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 2021, which were prepared under full IFRS requirements.

Changes in accounting policies

New and revised standards

The following standards and interpretations (some of which are amendments to existing standards) are effective for the first time for the financial period beginning 1 January 2022:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

Other changes to accounting standards in the current year had no material impact.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2022:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

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

The Board made an assessment of the Company's ability to continue as a going concern for the twelve months from the date of approval of these financial statements taking into account all available information about the future including the liquidity of the investment portfolio held both by the Company and its subsidiary, ICG Q Limited (74.1% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio (the net asset value of the Company decreased 5.9% in the year); the overall size of the Company and its impact on the Ongoing Charges of the Company (the net asset value of the Company exceeded £100m throughout the year); the level of operating expenses covered by highly liquid investments held in the portfolio (operating expenses are 41 times covered by highly liquid investments); and the length of time to remit funds from India to Mauritius and Guernsey to settle ongoing expenses (no more than 10 days to have investments liquidated and sterling funds in Guernsey).

Given the Company's previous performance, the Directors proposed a continuation ordinary resolution at the Extraordinary General Meeting held on 12 June 2020, at which the Shareholders approved that the Company continue as currently constituted and introduce a redemption facility which gives the ordinary shareholders the ability to redeem part or all of their shareholding at a Redemption Point every two years. The first Redemption Point was on 31 December 2021 when valid redemption requests were received in respect of 15,608,872 ordinary shares (13.9% of the then issued share capital) and 200,000 ordinary shares were placed, under the redemption facility at a total cost of £19.5m in accordance with the announced timetable. The next date at which shareholders will be able to request the redemption of some or all of the shares will be 31 December 2023 at a discount of no more than 3%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

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.

Outlook

Whilst the ongoing conflict between Russia and Ukraine is having a significant impact on the supply and cost of energy and agricultural commodities for many of the world's economies, the Indian economy has been less impacted than most others: India's dependency on imported oil remains but the overall economic impact has been offset by the increasing value of India's IT exports and the government no longer directly absorbs the cost of rising oil costs.

Whilst India is experiencing high inflation with CPI at 7% as at the end June, this is expected to fall to 6.4% by year end. India's inflation is not driven by weak monetary policy, wage pressure or the expectation of wage increases, and India is self-sufficient in agricultural commodities meaning the risk of high inflation having a detrimental impact upon the Indian economy is much less than in many other countries.

The investment philosophy of the Company is 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 Indian economy. Whilst uncertainties remain the future outlook for the portfolio investee companies remains generally strong. This is reflected in the fact that the Net Asset Value of the Company has increased by some 20% over the two months since the period end.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management 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 10. 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 2021.

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 2021, 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 2021. The Directors have assessed the financial position of the Company as at 30 June 2022 and the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks such as the current crisis in Ukraine and the continuing macro-economic factors and inflation) in the forthcoming six months of the of the year, however the Directors will continue to assess the principal risks and uncertainties but expect these to remain unchanged for the remainder of the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OPERATING EXPENSES

	Unaudited Six months to 30.06.22 £000	Unaudited Six months to 30.06.21 £000	Audited Year to 31.12.21 £000
Administration and secretarial fees	**22**	24	55
Audit fee *	**28**	2	27
Broker fee	**16**	15	31
Directors' fees	**57**	51	111
D&O insurance	**5**	5	12
General expenses	**45**	45	101
Other professional fees	**34**	32	171
Redemption facility professional fees	**-**	56	-
Marketing expenses	**63**	32	53
Registrar fee	**5**	3	5
Tax Exempt fee	**-**	-	1
Regulatory fees	**14**	9	19
	289	274	586

***Audit fee**
The audit fee as agreed upon in the letter of engagement for the 2021 financial year was £ 50,000.
However, the audit fee expense as disclosed in the annual report of 2021 is £ 27,000 which was lower as a result of an over accrual from the prior year that was adjusted accordingly in the 2021 financial year.

4. EARNINGS PER SHARE

Earnings per Ordinary Share and the fully diluted profit per share are calculated on the loss for the period of £20,417,000 (30 June 2021 – profit of £27,535,000) divided by the weighted average number of Ordinary Shares of 97,976,136 (30 June 2021 – 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 30.06.22 Total £000	Unaudited Six months to 30.06.21 Total £000	Audited Year to 31.12.21 Total £000
Fair value at beginning of year	**148,786**	109,695	109,695
Disposal of investments	**(21,633)**	(200)	(4,253)
Acquisition of investments	**3,044**	-	1,029
Realised gain on disposal of investments	**15,127**	130	2,664
Unrealised (loss)/gain on revaluation	**(35,530)**	27,894	39,651
Fair value at end of period/year	**109,794**	137,519	148,786

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

The net realised and unrealised loss totalling £ 20,403,000 (30 June 2021: gain of £28,024,000) 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 £18,949,000 (30 June 2021: gain of £25,925,000) and gains of £1,455,000 (30 June 2021: gain of £2,099,000) 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 30.06.22 Total £000	Unaudited Six months to 30.06.21 Total £000	Audited Year to 31.12.21 Total £000
Dividend income	**172**	256	1,095
Other income	**-**	-	19
Unrealised (loss)/gain on financial assets at fair value through profit and loss	**(34,435)**	28,819	38,681
Realised gain on disposal of investments	**14,038**	797	6,724
Investment management fee	**(650)**	(663)	(1,507)
Other Operating expenses	**(45)**	(35)	(52)
Withholding tax on dividend income	**(36)**	-	(226)
Taxes	**(139)**	(13)	(13)
Transaction costs	**(67)**	(42)	(97)
Foreign exchange (loss)/gain	**(53)**	(2)	12
Deferred taxation for Indian Capital Gains Tax	**2,267**	(3,192)	(4,388)
Net (loss)/gain of ICG Q Limited	**(18,949)**	25,925	40,248

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 2021, 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 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 2022, the Company had a tax liability of £nil (2021: £nil).

India

Capital gains arising from equity investments in Indian companies are subject to Indian Capital Gains Tax Regulations. Consequently, with effect from April 2020, the Company and its subsidiary, ICGQ Limited, have been subject to both short and long term capital gains tax in India on the growth in value of their investment portfolios at the rate of 15% and 10% respectively. 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 must accrue for this additional cost as a deferred taxation liability, notwithstanding that they seek to minimise the impact of these taxation rates applicable to capital gains by maintaining its investment strategy of investing in a concentrated portfolio for long term capital appreciation, The deferred taxation liability relating to Indian capital gains tax for the Company was £nil at 30 June 2022 (30 June 2021: £227,000) (2021: £198,000) and for its subsidiary was £2,065,000 at 30 June 2022 (30 June 2021: £3,192,000) (2021: £4,388,000).

Dividend withholding tax

The Company and its subsidiary are also subject to withholding tax on their dividend income in India. The withholding tax charge for the Company for the period ended 30 June 2022 was £5,000 (2021: £19,000) and for its subsidiary was £36,000 (2021: £226,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. SEGMENTAL INFORMATION

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form two segments under the standard. From a geographical perspective, the Company's activities are focused in two areas – Mauritius and India. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures with regards to ICG Q Limited segment have been disclosed in Note 5.

8. 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 2022	**96,515,653**	**965**
At 30 June 2021	112,502,173	1,125
At 31 December 2021	112,089,729	1,121

The Ordinary Shares of the Company carry the following rights:

(i) The holders of Ordinary Shares have the right to receive in proportion to their holdings all the revenue profits of the Company (including accumulated revenue reserves) attributable to the Ordinary Shares as a class available for distribution and determined to be distributed by way of interim and/or final dividend at such times as the Directors may determine.

(ii) On winding-up of the Company, after paying all the debts attributable to and satisfying all the liabilities of the Company, holders of the Ordinary Shares shall be entitled to receive by way of capital any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings.

(iii) Subject to any special rights or restrictions for the time being attached to any class of shares, on a show of hands every member present in person has one vote. Upon a poll every member present in person or by proxy has one vote for each share held by him.

Treasury shares

Treasury shares are equity instruments which are created when the Company reacquires its own ordinary shares. Treasury shares are recognised at the consideration paid, including any attributable transaction costs net of income taxes. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in the shareholders' equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own ordinary shares.

There was a total buy back of 15,574,076 ordinary shares during the period ended 30 June 2022. These shares were transferred from Issued Share Capital Account to Treasury Shares Account and were traded at a discount to the Net Asset Value per share on occasion, as per below:

Date	Number of shares	Par value £	Buy back price £
17th January 2022	**15,408,872**	0.01	1.2626
21st February 2022	**30,201**	0.01	1.08
24th February 2022	**50,000**	0.01	1.055
19th May 2022	**10,003**	0.01	1.02
27th May 2022	**75,000**	0.01	0.9914

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Share capital (continued)

Ordinary shares held in treasury	Number of shares	Treasury shares £000
At 30 June 2022	**15,986,520**	**160**
At 30 June 2021	0	0
At 31 December 2021	412.444	4

9. 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 2022 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	10,042	-	-	10,042
Unlisted securities	-	99,752	-	99,752
	10,042	**99,752**	**-**	**109,794**

The analysis as 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 at 31 December 2021 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	10,432	-	-	10,432
Unlisted securities	-	138,354	-	138,354
	10,432	138,354	-	148,786

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 2022 and 2021. There have 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. 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 comprises 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:

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 2022, 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 2022, 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 (2022: 86.27%; 30 June 2021: 91.79%) to any movement in the BSE Mid Cap Total Return Index. At 30 June 2022, with all other variables held constant, this approximation would produce a movement in the net assets of the Group's investment portfolio of £9,576,000 (30 June 2021: £12,617,000) for a 10% (30 June 2021: 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

At 30 June 2022, if the Indian Rupee had strengthened or weakened by 10% (30 June 2021: 10%) against Sterling with all other variables held constant, pre-tax profit for the period would have been £10,164,000 (30 June 2021: £13,007,000) 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.

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 2022 was £700,000 (30 June 2021: £3,901,000).

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.

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

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

The Directors are responsible for the determination of the investment policy and have overall responsibility for the Company's activities. Directors' fees are disclosed 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 £650,000 in management fees during the six months ended 30 June 2022 (six months ended 30 June 2021: £663,000 and year ended 31 December 2021: £1,507,000) of which £97,000 was outstanding at 30 June 2022 (30 June 2021: £124,000 and 31 December 2021: £144,000).

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 £22,000 for administration and secretarial services during the six months ended 30 June 2022 (six months ended 30 June 2021: £24,000 and year ended 31 December 2021: 55,000) of which £25,000 was outstanding at 30 June 2022 (30 June 2021: £14,000 and 31 December 2021: £30,000).

12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2022 and the date of approving these financial statements.

13. 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 2022.

Since 30 June 2022, the Net Asset Value of the Company ("the NAV") has increased by £22,866,000 (20.6%) to £133,855,000 as at the date of the last published NAV (31 August 2022) driven by a similar percentage increase in the benchmark over this period.

India Capital Growth Fund
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey GY1 2HL

www.indiacapitalgrowth.com

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