India Capital

GROWTH FUND

Annual Report & Audited Financial Statements

2023

FOR THE YEAR ENDED 31 DECEMBER 2023

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Patrick Firth
Lynne Duquemin
Nick Timberlake

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CHAIR'S STATEMENT

I am delighted to report that 2023 was a strong year for your Company. The Company's share price rose by 34.1% (2022: 7.7%), while the underlying Net Asset Value (NAV) increased by 28.6% (2022: 3.9%). There was a resurgence of investor interest in India during the year. Expectations for economic growth improved throughout the year, and it is almost certain that India will report stronger growth than any other major economy in 2023 and quite probably in 2024 as well. Infrastructure investment continues apace, and the diversification of global supply chains ensures a flow of Foreign Direct Investment into the country.

PERFORMANCE

While overall performance was extremely positive, your Company did underperform its reference benchmark index, the S&P BSE Midcap Total Return Index. The Investment Adviser, Gaurav Narain, explains this relative performance in more detail in the Investment Manager's Report. My key takeaways from this report are that the emphasis on quality companies remains in place, and as a result he has avoided companies which are majority owned by the Indian Government. These companies outperformed in the latter part of the year.

DISCOUNT AND REDEMPTION FACILITY

As shareholders will no doubt be aware, the Company's second redemption facility took place on 31 December 2023 and was open to shareholders on the register at 30 September 2023. In the lead-up to the facility, the Board took the unusual step of announcing a discretionary share repurchase programme, managed by Shore Capital, our broker, in order that the discount should not widen out further than the Board felt was acceptable. Under that programme almost 135,000 shares were repurchased. Disappointingly, perhaps, one large investor chose to redeem its entire holding in the Company's shares in the redemption facility. In total 15,159,876 shares were redeemed representing 15.7% of the Company's market cap.

On a more positive note, the shareholder register after the redemption is made up almost entirely of retail shareholders, holding their shares via large platforms such as Hargreaves Lansdown, Interactive Investor and AJ Bell (other platforms are available), along with some wealth managers and IFAs. This has allowed your Company's shares to trade more closely to their Net Asset Value. The Board is conscious that this is a very positive development and we will continue to monitor the share price against the NAV to ensure that the range of discount and premium is relatively contained. Since the year end, to satisfy demand in the market, the Company has issued over 5.8m shares from Treasury at a premium to NAV raising over £10.5m in new capital, and bought back 150,000 shares at a significant discount to NAV. As at 29 February 2024 the Company's net asset value remains strong at £159.7m.

During the year, the Company's shares sold at an average month end discount of 7.5%, with a range of 13.5% to 3.9% discount.

INVESTMENT TEAM

I am pleased to report that the process of integrating Ocean Dial's business in to that of River Global, AssetCo's Fund Management division, is primarily complete. Gaurav Narain, our Investment Advisor, and his team in Mumbai have moved into new premises and are continuing their work of finding the hidden gems in India's mid and small cap public markets. The London based staff of Ocean Dial have moved into River Global's office in London, from whence dealing in Indian equities takes place.

Gaurav has taken the opportunity to spend some time with the River Global investment team. It is clear that there are benefits to both sides in terms of investment process, access to technology and, in particular, developing and building the approach and process for ESG.

INVESTOR RELATIONS

As I have said in previous reports to shareholders, the Board of your Company is very keen to ensure that existing and prospective shareholders have access to the information that they need about the Company. Throughout 2023, Gaurav and the investor relations team from Ocean Dial/River Global have visited a wide range of professional and retail investors across the UK. On a quarterly basis, the Company has participated in webinars, accessible to all shareholders, either hosted internally or via external providers. The most high profile of these was the Citywire Big Broadcast, titled "Why India is stacked with growth", which garnered considerable interest. I encourage shareholders who have not yet taken advantage of these webinars to sign up for updates on the India Capital Growth website www.indiacapitalgrowth.com.

Throughout 2023 the press continued to show considerable interest in India and the opportunities for investment in its rapidly developing economy. The team at Ocean Dial/River Global have worked with our PR agency to make sure that we maximise opportunities to promote your Company in the press and the Board is pleased with the results of this work to date.

CHAIR'S STATEMENT continued

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

As I have already mentioned, along with colleagues at River Global, the investment team has continued to refine its ESG methodology. This forms an integral part of the Investment Manager's investment process, which, as shareholders will be aware, is focussed on the long-term, with low turnover, and with sound corporate governance and extensive engagement with company management at the heart of investment decisions. We hope that the section of this annual financial report covering the Investment Manager's approach to ESG gives shareholders a good insight into how the Company's portfolio benefits from this emphasis, despite the fact that the systematic approach to ESG, which is evident in in the UK and Europe, is not yet in place in India.

CORPORATE GOVERNANCE

The Company is a member of the Association of Investment Companies (AIC) and seeks to follow best practice regarding appropriate disclosures and governance. The governance principles that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders and that it treats all shareholders equally. All shareholders are encouraged to have an open dialogue with the Board throughout the year, and the Board can be contacted via the Company's website or the Company Secretary.

There have been no changes to the composition of the Board during the year.

OUTLOOK

After a strong year in 2023, a note of caution about the returns that shareholders can expect in 2024 is warranted. The economic growth that has powered the improving profitability of India's corporate sector is expected to continue in 2024. The building blocks of business friendly domestic policies and international investment are firmly in place and will continue to provide the foundations for growth. The question that we all must grapple with is whether this positive environment justifies the valuations on which companies in India now trade.

It is quite likely that we will see some volatility in the Indian stock market around the Indian General Election, which is due to take place between April and June. Nor is India exempt from the impacts of the geopolitical uncertainty that is so widespread across the globe. The Indian economy is vulnerable to oil price increases. Nonetheless, as shareholders in the Company, we can take comfort from the healthy earnings growth of the companies held in the portfolio and the vigilance with which the investment team monitors these holdings.

Thank you for your support for the Company. The Board is confident that the Investment Manager's strategy for the portfolio will continue to stand us in good stead in the coming year.

Elisabeth Scott | Chairman
29 March 2023

INVESTMENT MANAGER'S REPORT

INTRODUCTION

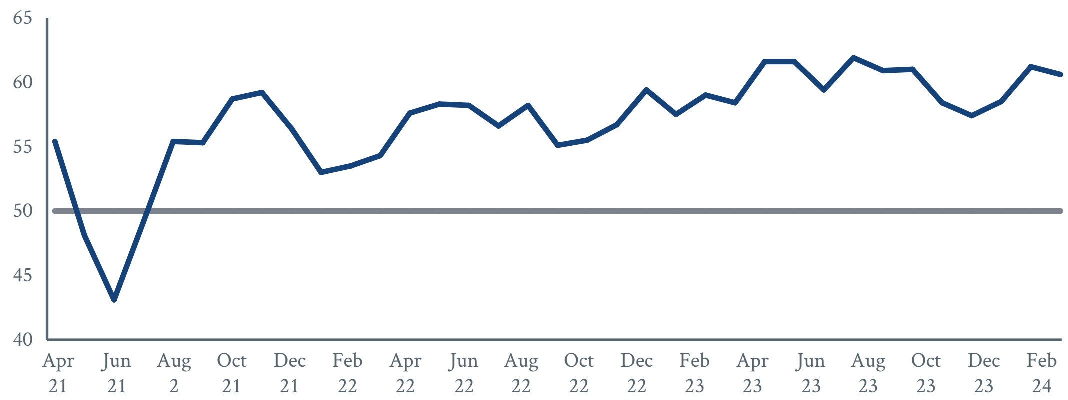
2023 was a good year for the Indian economy and equity market. In our 2022 investment report, we had highlighted that the economy had demonstrated resilience in a volatile geopolitical environment. 2023 can best be described as a period of stability and continuity as the positive impact of government policy initiatives began to take effect in true earnest. In 2023 the Company's net asset value rose 28.6% (3.9% in 2022), whilst the notional benchmark (the S&P BSE Midcap Total Return Index) rose 38.4%, (3.2% in 2022).

ECONOMY

2023 was a year where India overtook China to become the most populous country, its economy overtook the UK to become the fifth largest in terms of GDP, and the equity market became the fourth largest globally by market capitalization. It was also the eighth consecutive year of positive returns by the equity market (Nifty 50 Index). The year ended on a positive note with optimism that the economy was primed for a period of sustainable high growth. Three things stood out:

Growth momentum surprised positively: The highlight of the year was the continuous upgrades in company earnings' estimates and GDP growth numbers. India's GDP is estimated to expand by 7.0-7.2% for the financial year ended March 2024, far higher than the 6.0-6.3% estimates forecast at the beginning of the year. This is being driven by a strong investment cycle, initially led by Government spending but now also visible with private sector capex spends, credit growth trending at over 15%, buoyancy in tax collections, expansion in Purchasing Managers Index (PMI) data and record sales in the residential real estate sector. The only weak link has been consumption, with rural consumers yet to fully recover from the effects of high inflation.

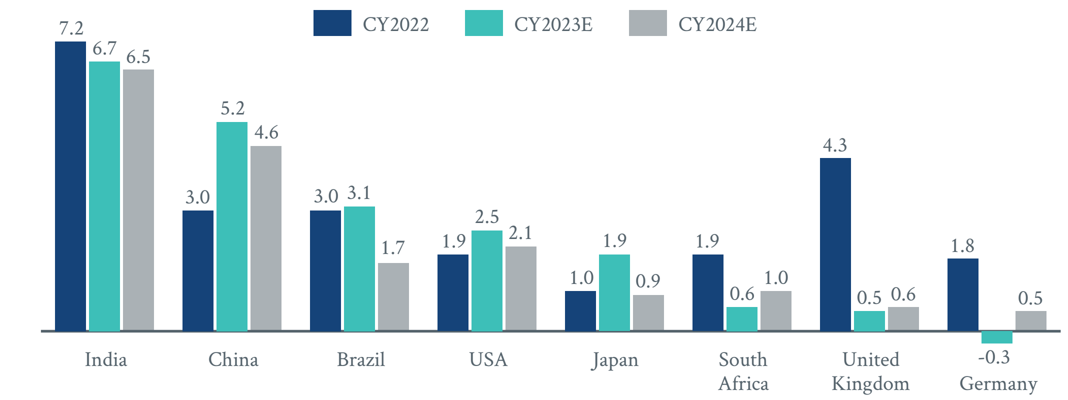
Composite Purchasing Managers Index



Source: Bloomberg, Ocean Dial

INVESTMENT MANAGER'S REPORT continued

India projected to be the fastest growing economy in FY24 and FY25
GDP growth (%)



Note for India: CY22E = FY23E and CY23E = FY24E
Source: IMF

Macro-Economic parameters remained stable: The interest rate cycle peaked in February 2023 with inflation brought under control. Forex reserves remained steady at ~ US$600bn through the year ensuring a stable currency with low volatility. Also, tax collections trended above government estimates, ensuring government met fiscal deficit targets despite aggressive capex spending. It was a period of stability and continuity in policy with few surprises. The focus of the government thus remained on its development agenda.

Political stability: With national elections scheduled in mid-2024, the run up to these is fraught with uncertainty and appeasement politics. However, the popularity of the Modi led BJP government is at a high. This was reinforced by the BJP's recent electoral wins in some key state elections held in December 2023. With the opposition parties in disarray and lacking a strong leader, expectation of the BJP government remaining in power with a strong majority has only increased. This has given confidence that there will be policy continuity and the development agenda will sustain.

MARKET

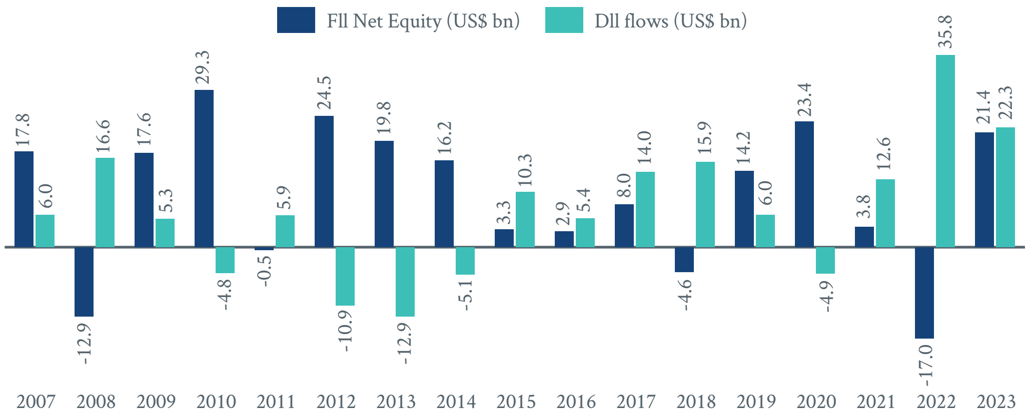
We had expected 2023 to be a year of modest returns given the strong performance in 2021 and 2022 post covid. We were thus surprised by the strong performance. While the BSE Sensex (top 30 companies) was up 19%, the BSE Mid-Cap Index was up 46% (both in local currency), making it among the best performing Indices globally. What was interesting was that every sector showed positive returns reflecting the broad-based nature of the performance.

Strong earnings growth with positive management commentary on the future was one reason, but positive fund flows was also a major factor driving the market. Unlike 2022, the year saw positive inflows by both Domestic Institutional Investors (DIIs) as well as Foreign Institutional Investors (FIIs). In the case of DIIs, flows continue to be driven by Systematic Investment Plans (SIP) from retail investors largely from tier 2, 3 and 4 towns in India. There are now over 73 million such SIP investors investing about US$2bn per month into domestic mutual funds. This number continues to increase month on month. DIIs have now recorded net inflows of ~US$70bn over the last three years.

INVESTMENT MANAGER'S REPORT continued

The FIIs flows however continue to be volatile. While the months of January and February 2023 saw outflows of US$4bn, this was more than offset in the subsequent months with net inflows of US$21.4bn for the year. Over the last three years the net inflow from FIIs has been only US$8bn, reflecting the volatile nature of FIIs flows. A positive trend that we have observed is that FIIs flows Into India in 2023 were predominantly through India dedicated funds. This reflects the increased importance being given to India by global investors as a standalone market as opposed to investing through broader based emerging market funds. The share of FIIs ownership of the Indian market has fallen to a low of ~ 18% in 2023 from about 20% in 2021. It has led to lower volatility in the market as the domestic funds are steady buyers.

Institutional Flows over the years



Source: Ocean Dial Asset Management, Bloomberg

Strong flows have however led to elevated valuations, particularly in the mid and small cap segment of the market which are trading above historical levels, both on an absolute and relative basis.

ESG CONSIDERATIONS

We believe the integration of ESG factors in our investment decision making helps to improve the Company's long-term risk adjusted returns. Consequently, ESG measurement and risk impact scoring have become an integral part of our investment process facilitated by the ongoing development of our bespoke internal ESG scoring model which compares and rates each company within our portfolio. The best and worst scores are provided in the ESG report which highlights our focus on the direction of travel, rather than the absolute numbers in isolation, in reporting upon and reducing the climate impact factors of companies in the portfolio. In order to truly understand the direction of travel and the actions being taken by portfolio investment companies in respect of ESG and the sustainability of their business, constructive engagement with management is at the core of our investment process. Our investment advisers in India meet and interact regularly with both investee companies and potential portfolio holdings. They meet onsite where possible and will take the opportunity of visiting manufacturing facilities as well as corporate headquarters in order to build a clearer picture. In addition, they also endeavour to meet employees outside of the senior management team, as this also helps to strengthen the overall understanding of the business and better establish if the ESG and sustainability ethos projected by senior management filters down through the business.

INVESTMENT MANAGER'S REPORT continued

OUTLOOK FOR 2024

Entering 2024 there is broad consensus that India's growth story is structural and GDP growth should average ~6-7% p.a. for the next few years. The foundation has already been set; a favourable regulatory environment, improved infrastructure, healthy corporate balance sheets and policies geared towards investment led development. What has come as a bonus is geopolitics. The rush to de-risk supply chains is accelerating investment by global firms into India, many of whom are viewing India as an alternate to China especially since demographics are extremely favourable. We thus believe the momentum in the economy will remain strong.

We, however, see several trends which are different from what we have seen in the past:

1. India's growth until now has largely been consumption led, but this phase is driven by investments. Even within investments, a different set of sectors like Renewable Energy, Green Hydrogen, Electronic manufacturing etc. are leading investments. Also, `Make in India' is a big focus. Policies are geared towards encouraging local manufacturing and the impact is visible in sectors like Defence, Railways and Electronic manufacturing, which until now have been import dependent. What is more exciting is the pace of execution. Earlier, execution seldom matched targets, but this has changed as bottlenecks and legal hurdles have been addressed through policy changes.
2. Consumption patterns are surprising. Premium products are doing well while mass market products are struggling. This trend is across categories ranging from automobiles, housing to consumer electronics. Though it is being attributed to inflation, the weakness has been prolonged. We do believe the trickle-down effect will lead to consumption being broad based, but this is also creating new opportunities.
3. India's low-cost digital infrastructure is also impacting business models and behavior patterns. Our own industry is a case in point, with domestic mutual funds now being the driver of the equity market as opposed to FIIs. The ease of online transactions is leading to individuals from smaller towns channeling savings which were traditionally deployed in bank fixed deposit, real estate, or gold into equity markets through mutual funds. The rising domestic flows into funds is influencing market behaviour, with funds struggling to deploy the flows. Digitisation remains a big disruptor and a great opportunity.

So, as we enter 2024, we are confident on the growth of the economy, but at the same time conscious that generating returns will require fresh thinking. A high base both on earnings and valuations remain our biggest concern, significant growth is already factored in numbers leaving little room for negative surprises.

PORTFOLIO ATTRIBUTION

Over the year, the net asset value of the portfolio rose by 28.6% (30.8% before the effect of Indian Capital Gains Tax) compared to the benchmark S&P BSE Midcap TR index returning 38.4% (both in sterling terms). While the absolute return was strong, the portfolio underperformed its notional benchmark, most of which happened toward the last quarter of the year as the benchmark saw a sharp rally led by public sector companies in which we do not invest.

Reflecting on the performance during 2023

2023 was a year when every sector contributed positively to the performance of the portfolio. This reflects the broad-based nature of the economic recovery. For ICGF, the main contributors to positive performance were healthcare (underweight), IT (overweight), Consumer Staples (overweight), materials (overweight) and Industrials (underweight).

Even at the stock level, the performance was driven by companies across different sectors. Neuland Labs (up 217%), a pharmaceuticals company, Ramkrishna Forgings (up 176%), an auto ancillary and IDFC First Bank (up 51%) were the top contributors. Each company delivered robust earnings growth, which also drove a rerating. Elsewhere, Jyothy Labs (up 134%) was amongst the best performing consumer staples companies as it continued to deliver double digit revenue growth in a weak consumer environment. Persistent Systems (up 91%), an information technology company, also outperformed the sector both on revenue growth and margin improvement. In industrials, Skipper (up 81%) saw a rise in order book as the capex cycle in power sector picked up pace and it also won new business in developed economies. Finolex Cables (up 95%) benefitted from the housing led demand for wires. Even in textiles, Welspun India rose (up 87%) as it gained market share in the US markets and also saw margins normalise with raw material prices easing. Dixon Technologies (Consumer Discretionary) rose (up 68%) and Sona BLW (Auto Ancillary) rose (up 54%), once again led by strong performance and continued order wins.

INVESTMENT MANAGER'S REPORT continued

Adverse stock performance was led by the consumer discretionary companies, all of which were impacted due to a slowdown in consumer demand because of high inflation. This was led by Bajaj Electricals (down 9%) and Vedant Fashions (down 5%). In Financials, City Union Bank declined (down 17%) due to weaker credit growth compared to peers.

At an index level, the biggest detractor was our absence in public sector companies (where the government is the majority owner), specifically in financials and utilities. This includes Power Finance Corporation (up 239%) and Rural Electrification Corporation (up 254%,) both lenders to state utilities. Also, Trent (Retail) which rose 126% detracted from our performance.

The portfolio closed the year with 34 stocks. Aarti Industries, Aarti Pharmalabs, Coforge and Jubilant Foodworks were sold during the year. Two portfolio additions were made during the year; RBL Bank (mid-size Bank) and VIP Industries (largest luggage manufacturer). Portfolio turnover remained low at 14%. We have been actively and consciously managing the individual stock weights and have used the volatility to book gains or add weight to several stocks within the portfolio.

Current positioning and expectations thereof

As we enter 2024, our largest sector exposure is in financials which has a long runway on growth, low risk on credit quality for the next two years (at the very least), and yet valuations are reasonable with most stock trading below historical averages. Credit growth is trending in double digits and banks are well capitalised. We see banks as the best play to the overall growth of the economy and capex cycle.

Our second largest exposure is in consumer companies which are our earnings compounders. We have a wide range of consumer businesses from staples, building materials, garments and even electronic manufacturing services. The consumer portfolio has seen a decisive tilt towards more discretionary plays over staples. We are playing the pick-up in domestic growth and real estate revival through exposure in industrial (13%) and cement (6%) stocks. At the same time, we are also well positioned to capitalise on the gains India is likely to make as companies rebalance supply chains out of China. There are several companies across sectors which are already seeing a positive impact including Dixon and Kajaria (consumer), Welspun (textiles) and Skipper (industrial).

With respect to the benchmark, our overweight positions are in materials, consumer staples, financials and IT services. Our metals exposure is not through global commodities but through cement and speciality chemicals companies. We are underweight in healthcare, utilities and real estate.

We are entering FY25 with healthy aggregate earnings growth for our portfolio. This growth is mainly driven by growth in revenue, as opposed to margin improvement which was the case in FY24. This does include above average numbers mainly from consumer discretionary due to the expectation of revival in consumer demand and low base effect. Though valuations are above historical averages, the portfolio has higher growth and lower valuation than the broader market. We believe this growth is sustainable for a few years which gives us confidence going forward.

Ocean Dial Asset Management
29 March 2023

CORPORATE GOVERNANCE REPORT

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

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

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

As stated above, the Board considers that it has complied with the AIC Code, GFSC Code and UK Code during the year ended 31 December 2023.

COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board currently consists of four Non-Executive Directors, all of whom are independent. The Chair of the Board is Elisabeth Scott. Refer to page 13 for further detail.

BOARD MEETINGS

The Board generally meets on at least four occasions each year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company. The Board believes all the Directors have sufficient time to meet their Board responsibilities. Refer to page 14 for Directors' attendance at Board meetings and Committee meetings.

PERFORMANCE EVALUATION

On an annual basis the Board formally considers the independence of its members, its effectiveness as a Board, the balance of skills represented and the composition and performance of its committees. The size of the Board and independence of its members are such that the Board does not consider the need for external evaluations. The performance and contribution of the Chair is reviewed by the other Directors under the leadership of the Chair of the Audit & Risk Committee. Refer to page 14 for further detail.

NOMINATION COMMITTEE

The size of the Board and independence of its members are such that the Board does not consider there is need for a separate Nomination Committee. Any proposal for a new director is discussed and approved by the Board, having considered the current skills, experience and diversity of the Board.

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

REMUNERATION COMMITTEE

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

AUDIT & RISK COMMITTEE

All members of the Board are also members of the Audit & Risk Committee. The Chair of the Audit & Risk Committee is Patrick Firth. The Chair of the Board is also a member of the Audit & Risk Committee given her extensive experience and knowledge, in particular given her appointment to the Board of the Company for more than 5 years. The Audit & Risk Committee conducts formal meetings throughout the year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board for approval. Full details of its functions and activities are set out in the Report of the Audit & Risk Committee, found on page 28.

DIRECTORS

The Directors as at 31 December 2023, all of whom are non-executive, are as follows:

ELISABETH SCOTT (CHAIR)

Elisabeth was appointed to the Board as Chair on 18 December 2017. She has over 30 years' experience in the asset management industry. In 1992, she moved to Hong Kong, where she remained until 2008, most recently in the role of Managing Director and Country Head of Schroder Investment Management (Hong Kong) Limited and Chairman of the Hong Kong Investment Funds Association. She is Chair of JP Morgan Global Emerging Markets Income Trust plc, Non-Executive Director of Allianz Technology Trust PLC, and retired as the Chairman of the Association of Investment Companies (AIC) in January 2024. She is resident in the UK.

PATRICK FIRTH

Patrick was appointed to the Board in September 2020. He qualified as a Chartered Accountant with KPMG Guernsey in 1991 and is also a member of the Chartered Institute for Securities and Investment. He worked in the fund industry in Guernsey since joining Rothschild Asset Management C.I. Limited in 1992 before moving to become managing director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, where he worked from April 2002 until June 2009. Patrick is a former Chairman of the Guernsey International Business Association and of the Guernsey Investment Fund Association. He is a Non-Executive Director of Riverstone Energy Limited, NextEnergy Solar Fund Limited and CT UK Capital and Income Investment Trust plc. He is resident in the UK.

LYNNE DUQUEMIN

Lynne was appointed to the board in May 2021. She has over 30 years' experience in financial markets, initially in London in the late 1980's before being seconded by Credit Suisse to Guernsey, Channel Islands in 1995, where she is still based. Most recently she worked for twelve years as an Investment Consultant for an Independent Investment Consultancy Company. She is a Fellow of the Chartered Institute for Securities and Investment and a Chartered Wealth Manager. She is also an ASIP qualified member of the CFA Society of the UK, member of the CFA Institute, as well as a Chartered Director and Fellow of the Institute of Directors. Lynne is currently a non-executive director and Chief Investment Officer for a Single Family Office and has prior experience as a director of a listed Frontier Equities Investment Company.

NICK TIMBERLAKE

Nick was appointed to the Board in July 2022. He has over 30 years' experience in the asset management industry as a Portfolio Manager, he was with HSBC Global Asset Management between 2005 and 2020, initially as Global Head of Emerging Markets Equities and then Head of Equities. Previously he was a Director of F&C Investment Management and has spent the last 20 years investing in global emerging markets equities. He is a non-executive director of abrdn Equity Income Trust, CT Automotive plc and a partner in Panorama Property Investments LLP. Nick is a member of the CFA Institute and CFA Society of the UK.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES AND OTHER RELEVANT ENTITIES

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

	Company name	Stock exchange
Elisabeth Scott	Allianz Technology Trust PLC Association of Investment Companies JP Morgan Global Emerging Markets Income Trust plc	London N/A London
Patrick Firth	NextEnergy Solar Fund Limited Riverstone Energy Limited CT UK Capital and Income Investment Trust plc	London London London
Lynne Duquemin	-	-
Nick Timberlake	abrdn Equity Income Trust plc CT Automotive plc	London London

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2023 which have been properly prepared in accordance with The Companies (Guernsey) Law, 2008, as amended.

THE COMPANY

India Capital Growth Fund Limited (the "Company") was registered in Guernsey on 11 November 2005 and is a closed-ended investment company with its shares admitted to trading on the main market of the London Stock Exchange. The Company's objective is to provide long-term capital appreciation by investing in companies based in India. The Company's registration number is 1030287. At 31 December 2023, the Company has one wholly owned Mauritian subsidiary, ICGQ Limited ("ICGQ"). 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 were able to request the redemption of some or all of their shares was 31 December 2021 when 15,408,872 net shares were redeemed under the redemption facility. The second date was 31 December 2023 when 15,159,876 net shares were redeemed under the redemption facility. Under this facility the next date at which shareholders will be able to request the redemption of some or all of the shares is scheduled to be 31 December 2025 for shareholders on the register at 30 September 2025.

GROUP STRUCTURE

The Board of Directors continues to take steps to close down and to liquidate its Mauritian subsidiary, ICGQ, given it no longer serves a beneficial purpose for the Company's shareholders. However, this process may take some considerable time given the restrictions imposed by the Indian regulators on transferring listed Indian equities from one entity to another without incurring considerable costs and risk. The Board does not believe this is in the interest of the shareholders. The Group's custodian is actively engaging with the Indian regulator to help facilitate this. In the meantime, the Investment Manager has moved Indian Rupee ("INR") cash balances held by the Group's custodian from ICGQ to the Company and has committed that all future purchases for the investment portfolio will only be made by the Company, unless it is in shareholders' interests to do otherwise.

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 per cent. of total assets of ICGQ and the Company (measured at the time of investment) may be invested in the securities of any one Issuer; and
- No more than 10 per cent. of total assets of ICGQ and the Company (measured at the time of investment) may be invested in listed closed-ended funds..

The Board of Directors of the Company does not intend to use derivatives for investment purposes. The Directors confirm the investment policy of the Company has been complied with throughout the year ended 31 December 2023. .

LONG-TERM SUSTAINABLE SUCCESS

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

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

The integration of ESG factors in investment decision making will also help to improve the Company's long term risk adjusted returns and thus its long term sustainable

DIRECTORS' REPORT (continued)

success. ESG measurement and risk impact scoring have become an integral part of the investment manager's investment process facilitated by the ongoing development of their bespoke internal ESG scoring model which compares and rates each company within the investment portfolio. An illustration of this scoring model is provided in the ESG report which highlights the focus on the long-term direction of travel in reducing the climate impact factors of companies in the portfolio.

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

It is one of the Board's long-term objectives that the share price should trade at a level close to the underlying net asset value of the shares. Share price discounts and premiums are determined by supply and demand. The Directors have focused the marketing of the Company particularly on explaining, through the press, the characteristics of investing in India, largely to dispel sentiment-based negative misperceptions and to inform the investing community of its long-term potential for significant sustainable growth in India. As detailed more fully in the Sustainability and ESG report on pages 24 to 28 the Company and its Investment Manager believe that companies with strong management focus on ESG have the potential to reduce risks facing their business, thereby delivering sustainable performance and enhanced returns over the longer term.

RESULTS AND DIVIDENDS

The Company's performance during the year is discussed in the Investment Manager's report on pages 4 to 8.

The results for the year are set out in the audited statement of comprehensive income on page 42.

Consistent with the Company's investment policy of providing long term capital appreciation, the Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: £nil).

SUBSTANTIAL INTERESTS

Shareholders who held an interest of 3% or more of the Ordinary Share Capital of the Company at 29 February 2024, being the latest date such data is available, are stated in the table below:

	Number of shares	% holding
Hargreaves Lansdown	19,539,975	22.7
Interactive Investor	15,719,147	18.3
AJ Bell	6,034,440	7.0
West Yorkshire Pension Fund	4,677,028	5.4
JM Finn	3,645,724	4.2
Charles Stanley	3,121,456	3.6

In the opinion of the Directors, the Company has no ultimate controlling party.

DIRECTORS

The names and a short biography of the current Directors of the Company are set out on page 10. Elisabeth Scott, Patrick Firth, Lynne Duquemin and Nick Timberlake served throughout the year and to date.

DIRECTORS' INTERESTS

At 31 December 2023, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares 2023	Ordinary shares 2022
Elisabeth Scott	50,000	50,000
Patrick Firth	25,000	25,000
Lynne Duquemin	19,125	19,125
Nick Timberlake	50,000	20,000

INDEPENDENT AUDITOR

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

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 year ended 31 December 2023 was 1.57% based on an average AUM of £148,384,000 (2022: 1.59% based on an average AUM of £125,914,000).

COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board currently consists of four Non-Executive Directors, all of whom are independent. The Chair of the Board is Elisabeth Scott. In considering the independence of the Chair, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that Elisabeth Scott is an Independent Director. The Chair does not have, and has not had, any relationships or circumstances that may create a conflict of interest between her interests and those of shareholders. As the Chair is an Independent Director, no appointment of a Senior Independent Director has been made. The Company has no employees and therefore there is no requirement for a Chief Executive.

BOARD MEETINGS, COMMITTEE MEETINGS AND DIRECTORS' ATTENDANCE

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

	Board Meetings		Audit & Risk Committee Meetings	
	Regular	Ad hoc	No of meetings	Attended
Elisabeth Scott	4	4	3	3
Patrick Firth	4	4	3	3
Lynne Duquemin	4	4	3	3
Nick Timberlake	4	4	3	3

In addition, there were 5 ad-hoc board meetings during the year.

PERFORMANCE EVALUATION

On an annual basis the Board formally considers the independence of its members, its effectiveness as a Board, the balance of skills represented and the composition and performance of its committees. The size of the Board and independence of its members are such that the Board does not consider the need for external evaluations. The Board considers that it has an appropriate balance of skills and experience in relation to the activities of the Company and offers relevant training where necessary. The Chair evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The performance and contribution of the Chair is reviewed by the other Directors under the leadership of the Chair of the Audit & Risk Committee. The conclusion of the 2023 review was that the skill sets of the members of the Board were complementary, and that the Board functioned effectively.

Even though the performance evaluation is deemed effective, the Board may consider having an external evaluation of the performance in the future.

NOMINATION COMMITTEE, REMUNERATION COMMITTEE, AND AUDIT & RISK COMMITTEE

Details on the Nomination Committee, Remuneration Committee, and Audit & Risk Committee can be found in the Corporate Governance Report on page 9.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

The Company's report on Sustainability and ESG is provided on pages 21 and 23.

EMPLOYEES, HUMAN RIGHTS AND CORPORATE SOCIAL RESPONSIBILITY

The Company has no employees, all of its Directors are non-executive and third party service providers carry out its day-to-day activities. Therefore, there are no disclosures to be made in respect of employees and the Company has not adopted a policy on human rights as it has no employees and its operational processes are delegated. As an investment company, the Company does not provide goods and services in the normal course of business and has no customers. Accordingly, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015. whilst the Company is not obliged to comply with the Act, the Board is in agreement with its aims and receives confirmation from those third-party service providers which are in scope that they are in compliance.

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

DIRECTORS' REPORT (continued)

SECTION 172 OF THE COMPANIES ACT 2006

Section 172 of the Companies Act 2006 applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law. Under section 172, directors have a duty to promote the success of their company for the benefit of its members as a whole, whilst having regard to (amongst others) the likely consequences of their decisions in the long-term and the interests of the company's wider stakeholders. Information on how the Board have acted in accordance with the requirements of section 172 Is included throughout the Directors' report, and more specifically:

- details on the Company's values and business model can be found under the "Chair's Statement" on pages 2 and 3 and under the "Investment Policy" on page 12 respectively;
- details of how the Company seeks to generate and preserve value over the long-term can be found in the "Investment Manager's report" on pages 4 to 11 and "Long-term sustainable success" on pages 12 and 16;
- information on the emerging and principal risks that could disrupt the long-term success of the Company and how the Board seeks to manage and mitigate them are considered under "Risk Management and Internal Control" and "Principal Risks and Uncertainties" both on pages 16 and 20;
- details of how the Board engages with all shareholders and stakeholders and why they are important can be found under "Shareholder communication" on pages 19 and 22;
- in relation to the Company's portfolios, the Investment Manager has day-to day responsibility for the Company's dealings with suppliers, contractors, customers and others and information of how they foster these relationships are included in the "Investment Manager's report" on pages 4 to 11;
- information on sustainability and ESG adopted by the Company can be found in the Report on pages 21 to 23; and
- details of how the Board works towards the long-term sustainable success of the Company and ensure good governance can be found under "Long-term sustainable success" on pages 12 and 16.

In making decisions, the objective of the Board is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In relation to the decisions taken by the Board during the year under review, the Board acted in good faith, and in a way that would most likely promote the Company's long-term sustainable success and achieve its wider objectives for the benefit of the shareholders as a whole, having had regard to the wider stakeholders and the other matters set out in section 172.

BOARD LEADERSHIP, EFFECTIVENESS, DIVERSITY & SUCCESSION PLANNING

The Board recognises that the Company will take investment and other risks in order to achieve its objectives but these risks are monitored and managed and the Company seeks to avoid excessive risk-taking in pursuit of returns. A large part of the Board's activities are centred upon what is necessarily an open and respectful dialogue with the Investment Manager. The Board believes that it has a very constructive relationship with the Investment Manager whilst holding them to account and questioning the choices and recommendations made by them.

The Board supports the principle of diversity and confirms that there will be no discrimination on the grounds of gender, social and ethnic background, cognitive and personal strengths. The Board's overriding intention is to ensure that it has the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company. The Board has met its target on gender diversity and will consider the target for ethnic diversity when appointing new directors.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID, and Chair)
Men	2	50%	
Women	2	50%	1 (Chair)
White British or other white	4	100%	1 (Chair)

All directors are non-executive and the Company does not have a Senior Independent Director, as stated on page 14.

RISK MANAGEMENT AND INTERNAL CONTROL

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

DIRECTORS' REPORT (continued)

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

Following the acquisition of the Company's Investment Manager by AssetCo/River Global, two of the directors separately visited the offices of AssetCo/River Global to review the systems in place, which were principally unchanged although enhanced from those under previous ownership, meet with personnel and establish that the controls were effective. A report was subsequently circulated to the whole Board and discussed. The Board concluded that the systems and controls were effective and risks addressed with no significant weaknesses identified. The Board will conduct future visits as required and particularly if there are changes to systems. Also, the Board receives regular reports from the Investment Manager for consideration. The other significant third party provider where significant reliance is placed upon effective controls is the Administrator. The Audit Committee Chair reviewed the most recent type 2 ISAE3402 report on the Administrator's control environment for the period ended 31 December 2023 and was satisfied that those controls which were tested were deemed to be effective with no significant weaknesses identified. The results of this review were shared with the Board and it was agreed that this provided comfort that certain key risks connected with those tasks for which the Administrator is accountable are significantly mitigated. The Administrator also provides a report at each quarterly Board meeting identifying any breaches which have occurred during the period and any significant changes.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board confirms that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a Control Environment and Risk Assessment Matrix (the "Matrix"), which identifies the key risks to the Company and considers the impact and likelihood of each significant risk identified. The Board reviews the Matrix at least quarterly to ensure, in particular, that any emerging risks are identified, assessed and documented at an early stage.

The Principal Risks fall into the following broad categories:

- **Investment performance risk**: The Company's long-term growth is dependent upon the performance of its investment portfolio. Consequently, if the portfolio fails to perform in line with the investment objectives and policy, has long-term negative ESG impact, and if the companies in the portfolio perform poorly or markets move adversely, especially over an extended period, it may jeopardise the long-term future of the Company. The Board reviews reports from the Investment Manager at each quarterly Board meeting, paying particular attention to the constitution of the portfolio, its liquidity and its attribution by sector and weighting compared to the BSE Mid Cap Total Return Index and its ESG ratings.
- **Environmental and Social ("E&S") impact risk**: The potential loss or harm directly or indirectly resulting from environmental and social factors that impact the Company, its investors and its service providers, and the consequential impact on the environment and society. E&S impact risk is a transverse risk that impacts our other risks: investment performance risk, currency and emerging market risk, operational non-financial risk, legal and regulatory risk and reputation risk. Our investment manager has developed a qualitative scoring model which measures climate and other environmental impacts and the reporting thereof by the Company's investment portfolio companies. Further details are included in the Company's report on Sustainability and ESG on pages 23 to 25. The Investment Manager has a team on the ground in India who keep abreast of the latest political developments and economic forecasts and regularly advise the Board thereof.
- **Operations and systems risk**: The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Investment Manager, the Administrator, or the Company's other service providers. Under normal circumstances members of the Audit & Risk Committee visit the Investment Manager annually to perform a due diligence review of its controls and the Board receives reports annually from the Administrator on their internal controls.
- **Accounting, legal and regulatory risk**: The Company is at risk if it fails to comply with the laws and regulations applicable to a company with a premium listing on the Main Market of the London Stock Exchange and the Guernsey, Mauritian and Indian laws and regulations or if it fails to maintain accurate accounting records. The Investment Manager and Administrator provides the Board with regular

DIRECTORS' REPORT (continued)

reports on changes in regulations and accounting requirements.

- **Multi-jurisdictional taxation risk**: The Company is at risk of additional taxation charges from several geographical jurisdictions in which the Company, its service providers or companies in its investment portfolio reside. The risk that appropriate tax residency is not maintained may result from poor administration or from changes in Government policy. The board receives quarterly updates from the Investment Manager and the Administrator who is responsible for tax residence administration. Note 10 to the financial statements details key taxation risks and their impact upon the Company.
- **Financial risk**: Significant market, foreign currency, credit and liquidity risks faced by the Company are set out in note 10 to the financial statements. These risks and their mitigation controls are reviewed at each quarterly Board meeting.
- **Redemption Facility and associated risk**: The third Redemption facility where shareholders will be able to request the redemption of some or all of the shares will be 31 December 2025. There is therefore a possibility that redemptions requests may impair the future viability of the Company. This creates material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. However, based upon the investment performance of the Company to date, and that shares have been issued at a premium to NAV to satisfy increased demand, the Board believes shareholder redemptions at the next scheduled Redemption Facility on 31 December 2025 are likely to be at such a level not to impact the going concern of the Company.
- **Emerging risks**: Risks that emerge unexpectedly, and in some cases quite quickly, can have an economic impact upon the Company. In particular significant geopolitical conflicts such as the Russia/Ukraine conflict and Israel/Palestine conflict can disrupt global supply chains and the Indian economy and listed companies. The Board assesses and monitors these risks as and when they develop so, if necessary, controls and procedures can be implemented to mitigate against their economic impact upon the Company. During the year, there were no changes to the emerging risks identified, and no new procedures were implemented.
- **Cybersecurity, data security breach and related criminal activity risk:** The Company is exposed to the risk of criminal attacks on its data and systems held and managed by its service providers. Cybersecurity controls at all service providers are reviewed on a regular basis.

The Company's risks are documented in a Risk Register which is reviewed and updated by the Board at least quarterly. The Principal Risks listed above have not materially increased or decreased during the course of the year.

RISK APPETITE

The Board recognizes that prudent risk-taking is essential to achieving the Company's strategic objectives and maximizing shareholder value. They embrace a moderate risk appetite, seeking opportunities for growth while prioritizing the long-term appreciation of capital and the protection of Company reputation. The Board is committed to maintaining robust risk management practices to identify, assess and mitigate risks effectively, ensuring alignment with given tolerance levels and regulatory requirements. By striking a balance between investment returns and risk mitigation, the Board aims to deliver sustainable long-term value to the shareholders of the Company.

SUPPLY OF INFORMATION TO THE BOARD

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

DELEGATION OF FUNCTIONS

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

- Investment Management is provided by Ocean Dial Asset Management Limited, a company authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA) which is owned by AssetCo PLC and its subsidiary River Global LLP.
- Administration and Company Secretarial duties for the Company during the year were performed by Apex Fund and Corporate Services (Guernsey) Limited, a company licensed and regulated by the

DIRECTORS' REPORT (continued)

Guernsey Financial Services Commission. Those for the subsidiary were performed by Apex Fund Services (Mauritius) Limited, a company registered in Mauritius and licensed by the Financial Services Commission in Mauritius. In advance of Board meetings, the Administrator provides regular reports, which include financial and other operational information, details of any breaches or complaints and relevant legal, regulatory, corporate governance and other technical updates. There is also regular contact between the Directors and the Administrator between Board and Committee meetings.

- Custody of assets is undertaken by Kotak Mahindra Bank Ltd, which is registered as a custodian with the Securities and Exchange Board of India (SEBI).

The Board has established a Management Engagement Committee to review the performance of all material external service providers and the related contractual terms. The Management Engagement Committee is constituted of the current four Directors of the Company, with Elisabeth Scott acting as the Chair. The last meeting of the Management Engagement Committee was held on 12 December 2023 and it meets at least annually. Performances of all material external service providers are considered satisfactory.

INVESTMENT MANAGEMENT

The investment management agreement will continue unless and until terminated by either party giving to the other not less than twelve months' notice in writing or six months' notice by the Company if at any Redemption Point, redemption requests exceed 50% of the issued share capital of the Company at the date of the Redemption Point. The management agreement may also be terminated forthwith as a result of a material breach of the agreement or on the insolvency of the Investment Manager or the Company and by the Investment Manager by notice within 30 days of being notified by the Company of any material change to the investment policy.

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

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

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

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

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

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

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

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

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

DIRECTORS' REPORT (continued)

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

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

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

SHAREHOLDER COMMUNICATION

The Board considers a report on shareholder communications at each quarterly Board Meeting and a monthly Fact Sheet is published on the Company's website reporting the month-end Net Asset Value with a commentary on performance. The Investment Manager also reports via the Regulatory News Service (RNS) an estimated, unaudited daily Net Asset Value. The Investment Manager and the Corporate Broker maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. Additionally during the year the Investment Manager conducted three well-attended webinars for shareholders which received positive feedback from shareholders who attended. Board members are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting. The Company Secretary is also available to answer general shareholder queries at any time during the year.

In order to ensure the Board members have an understanding of the views of all shareholders about their Company, the Investment Manager and the Corporate Broker, who regularly engage with those shareholders, both report those views to the Board Members at each board meeting. The Board monitors activity in the Company's shares and the discount or premium to Net Asset Value at which the shares trade both in absolute terms and relative to the Company's peers. Shareholders and stakeholders are engaged with via regular webinars and monthly factsheets.

The Company has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, as amended to buy-back in the market, up to 14.99% of the shares in issue. The Company intends to request renewal of this power from shareholders on an annual basis. As of 31 December 2023, the Company had bought back a total of 762,645 (2022: 577,648) shares in the market excluding those acquired via the redemption facility.

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 (80.3% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio (the net asset value of the Company increased 28.6% 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 more than 50 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 working 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 a net 15,408,872 shares (13.9% of the then issued share capital) were redeemed under the redemption facility at a total cost of £19.5m in accordance with the announced timetable.

The second redemption point was on 31 December 2023 when valid redemption requests were received in respect of 15,159,876 ordinary shares (15.7% of the then issued share capital) which were subsequently redeemed under the redemption facility at a total cost of £26.5m in accordance with the announced redemption price on 8 January 2024. Since the year end, to satisfy demand in the market, the Company has issued over 5.8m shares from Treasury at a premium to NAV raising over £10.5m in new capital, and bought back 150,000 shares at a significant discount to NAV. As at 29 February 2024 the Company's net asset value remains strong at £159.7m.

The next date at which shareholders will be able to request the redemption of some or all of the shares is scheduled to be 31 December 2025 for shareholders on the register at 30 September 2025.

The Directors are satisfied that the Company has sufficient liquid resources to continue in business for the next twelve months from the date of approval of these financial statements, therefore the financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT (continued)

LONGER TERM VIABILITY STATEMENT

The Directors have assessed the prospects of the Company for a period of three years. The Board believes this time period is appropriate having consideration for the Company's;

- long-term capital appreciation investment strategy;
- portfolio of liquid listed equity investments and cash balances;
- level of operating expenses, both fixed and variable;
- principal risks and uncertainties; and
- the Redemption Facility available to shareholders every two years.

In making this assessment, the Directors have considered the possible impact of the Redemption Facility and the next scheduled Redemption Date on 31 December 2025. Whilst redemption requests at the next Redemption Date could impact the Company's longer-term viability the Board have considered the performance of the Company up to the Second Redemption Point and the proportion of shares (15.7%) redeemed at that time.

In making this assessment as to the Company's longer-term viability, the Directors have considered detailed information provided at Board meetings that include the Company's balance sheet, investment portfolio liquidity, operating expenses, market capitalisation, share price discount, shareholder register analysis and investment performance to date, both actual and against the BSE Mid Cap Total Return Index (the "Index") and the Company's peers.

Approved by the Board of Directors and signed on behalf of the Board on 27 March 2024.

Lynne Duquemin **Patrick Firth**

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

The Board recognises its responsibilities for reporting on ESG and regularly engages with the Investment Manager, upon whom the Board is reliant to deliver this ESG reporting of the Company and to implement its ESG strategy.

In setting and reporting on our ESG policies, we have considered the impacts of our activities and followed the relevant regulatory guidance including the requirements of section 172(1) of the Companies Act 2006 and, in so far as they apply, the non-financial reporting requirements in sections 414CA and 414CB of the Companies Act 2006. Although India Capital Growth Fund does not fall within the scope of these two sections, we believe that these disclosures will provide shareholders and stakeholders with a greater level of insight and transparency. We have also reported under the UK Corporate Governance Code ("UK Code").

Consequently, we believe in engagement and long-term ownership both in respect of our own shareholders and the investment approach adopted by our Investment Manager, to drive investment performance and to contribute to positive change to build a sustainable future. We and our Investment Manager believe that companies with strong management and a focus on ESG have the potential to reduce risks facing their business, thereby delivering sustainable performance and enhanced returns over the longer-term.

INVESTMENT MANAGEMENT APPROACH TO SUSTAINABILITY & ESG

In October 2023 the Investment Manager was acquired by AssetCo, as a consequence of which it now benefits from the central infrastructure of AssetCo's River Global brand which has strengthened the breadth and depth of resources available to both the Investment Manager and the Company with ESG being a focal point.

The management of sustainability risks forms an important part of the investment portfolio due diligence process implemented by the Investment Manager. When assessing the sustainability risks associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition. Sustainability risks are generally incorporated into the Investment Manager's evaluation of an issuer's investment risk or return, across all asset classes, sectors, and markets in which the Company invests. Although a systematic approach to ESG is lacking in India, the Investment Manager has made ESG matters an integral part of its due diligence process and positioned itself ahead of the learning curve in India.

The Investment Manager believes that sound governance is an essential element of a company's long-term sustainability and growth, and that detailed analysis beyond financial data is required to understand the true characteristics of a potential underlying investment. This includes, but is not limited to, conviction in the alignment of interest between the owners, managers and minority shareholders of a business, the nature and extent of the true independence of the Board and its specialist sub-committees, capital allocation and dividend policies, tax treatment, key man risk and succession planning. Governance plays a central role in the investment philosophy of the Investment Manager and it naturally veers away from certain companies where practical issues of "getting business done" within India can undermine good governance. These companies tend to be capital intensive, rely on multiple bureaucratic approvals for authorisation and are often cash flow negative. The Investment Manager also will not consider investments in industries that are considered harmful to the wellbeing of society not least because they may not demonstrate adequate compliance with regulations and tax considerations which may create unforeseen financial uncertainty. These include tobacco, alcohol, gambling and defence equipment manufacturers of all descriptions.

The Investment Manager gives equal importance to the non-financial elements of environmental and social issues of a business and financial modelling when considering a company for an underlying investment. These include, but are not restricted to, topics such as gender diversity, environmental impact on production, carbon footprint, workplace health and local community engagement. Where the sustainability risks associated with a particular investment have increased beyond the ESG risk appetite of the Company, the Investment Manager will consider selling or reducing that exposure to the relevant investment, taking into account the best interests of the shareholders of the Company.

ESG SCORING

The Investment Manager does not use third party ESG ranking tools but has integrated the systematic and explicit inclusion of material ESG factors into its investment analysis process from which it has developed its own bespoke ESG scoring model for all the portfolio companies. The scoring is based primarily upon publically available data and output from company meetings resulting in scores for three key areas;

- Disclosure
- Direction of Travel
- Absolute comparison against companies in the sector

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT (continued)

ESG factors considered in the assessment and scoring include:

Environment

- GHG emissions
- Planned carbon neutrality goals
- Energy management
- Water and wastewater management
- Waste and hazardous materials management
- Biodiversity & land use

Social

- Fulfilment of responsibilities under Corporate Social Responsibility requirements
- Human capital: employee turnover, health & safety, training & diversity, treatment of blue collar workers
- Human rights and community relations
- Customer privacy and data security
- Access and affordability
- Product quality and safety
- Supply chain management
- Customer welfare
- Selling practices and product labelling

Governance

- Related party transactions
- Promoter's behaviour: % holding, % shares pledged, exposure to other business, unlisted entities in similar business, remuneration, family run vs. independently & professionally run
- Board structure: diversity, independence and size
- Board Committees and their independence: Audit, Nomination and Remuneration
- Capital allocation decisions
- Management of legal & regulatory environment
- Business ethics
- Competitive behaviour

The aggregate score is then weighted based upon its sector. An example of scoring is given below for a cement company in the portfolio. The Investment Manager is not focused on absolute and target scores but improvements year on year. Consequently it will require several more years of data collection before deciding that improvements are not being made.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT (continued)

ESG Scoring Model

	Cement Company 1			Cement Company 2		
Environment	FY20	FY21	FY22	FY20	FY21	FY22
Greenhouse Gas Emissions (000 tn)				2,267	2,178	1,998
Change		(150)	(217)		(89)	(179)
Scope 1 emission				2,065	2,031	1,884
Scope 2 emission				110	74	45
Scope 3 emission				92	73	69
CO_2 emission (kg/t of cementitious material)						701
Other relevant toxic emissions						
Dust emission (g/t of cement produced)/mg/nm3						13.26
Nox emission (g/t of cement produced)/mg/nm3						360.59
Sox emission (g/t of cement produced)/mg/nm3						13.57
Energy		Excellence Energy Efficient Unit Award 2020 for Excellence in Energy Management				
Energy consumption (000 MWH)						237
Energy intensity (kwh/tn)					76.05	75.85
% of renewable energy			35%			27%
Water		CII National Award for Excellence in Water Management 2020 for outstanding water management and water conservation.				
Water consumption (KL)				444	328	311
Water consumption (KL/tn)				0.14	0.11	0.10
Waste water recycled (KL) % of consumption						16%
Hazardous waste		Water Optimization Award 2020 for Best ZERO Liquid Discharge Plant				
Waste oil (lt)				24,104	37,279	27,740
Targets	None	None	None	None	None	Noone
Scoring						
Disclosure **A**			**B** 0			**C** 2
Direction of travel			0			3
Absolute comparison against companies in the sector			0			2
Aggregate			0			7
Sector weight			43%			43%
Weighted score			0.0			3.0

A: Scoring guideline

Disclosure
0 = nothing significant is disclosed, 1 = few variables disclosed, 2 = important variables are disc, 3 = where all important variables disclosed and targets set
Direction of travel
0 = if continues to decline for more than 2 years, 1 = if majority variables are declining, 2 = majority variables flat, 3 = most variables improving
Absolute comparison against companies in the same sector
0 = if no data to compare, 1 = worst, 2 = average, 3 = better

B

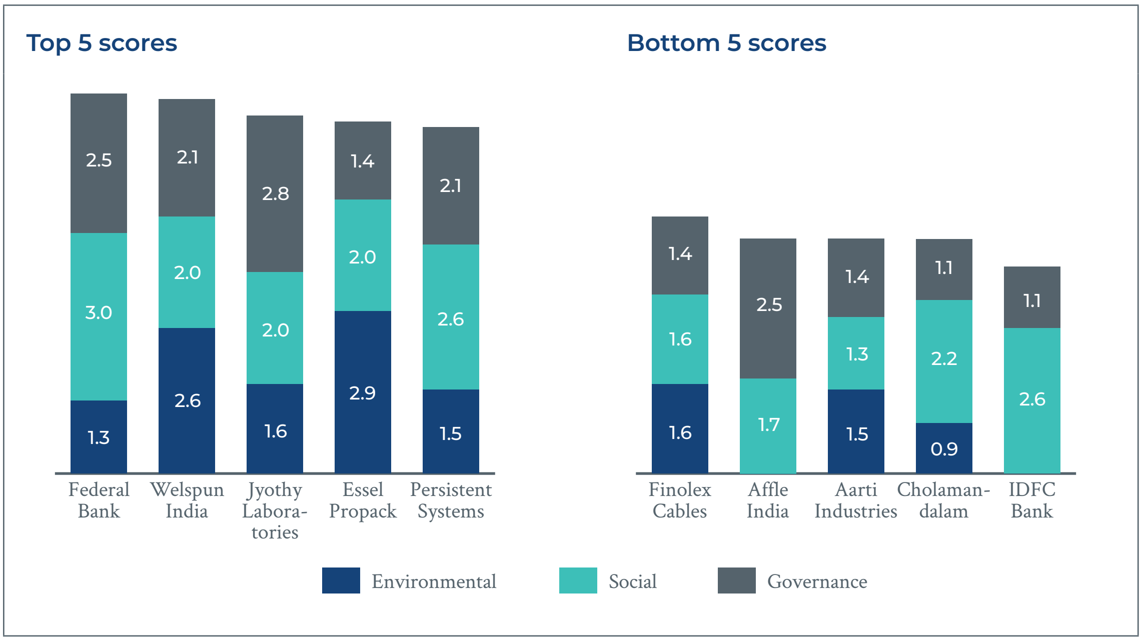
Gets a score of 0 due to minimal reporting on environmental front. Management has indicated that it shall start providing the integrated reprt from FY22 onwards.

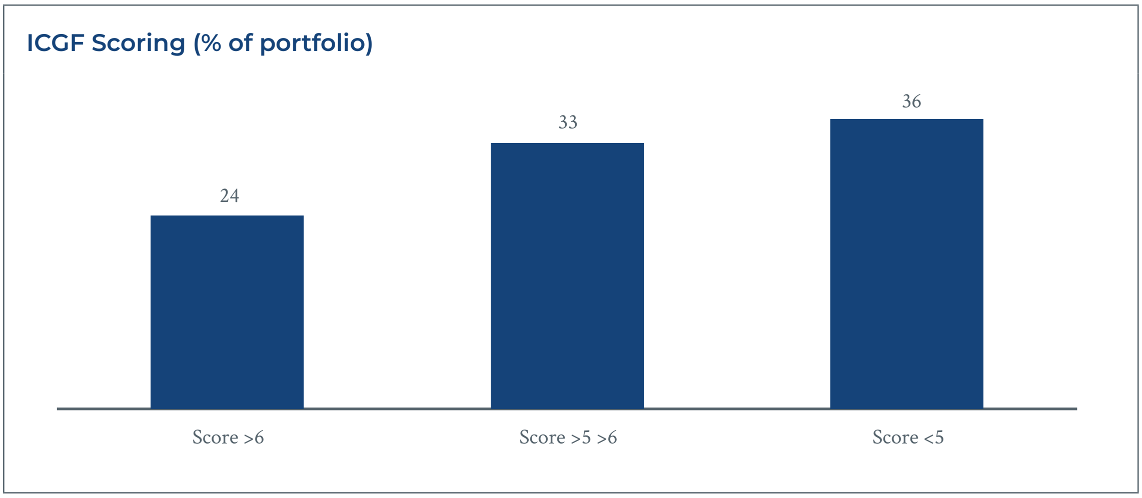
C

Detailed disclosure with an integrated report makes the company comparable with the leaders in the space.
Scoring:
2 for disclosure as it still needs to provide targets it would like to achieve in the medium term.
3 for direction of travel as it has reduced GHG emissions, reduction in energy intensity, water consumption and hazardous waste.
2 on absolute comparison we compare it with ACC which has the best disclosers in the industry.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT (continued)

The Investment Manager's overall ESG score for the portfolio in FY23 is 5.1 out of 9, an improvement from 4.7 in FY22 across all three scoring criteria of Disclosure, Direction of Travel, and Absolute Comparison Against Companies in the Sector. The Top 5 and Bottom 5 ESG scored portfolio companies were all from different sectors so there appears to be no sector trend in the ESG performance improvements in the portfolio. Additionally, the Investment Manager reports that disclosures have substantially improved in FY23 as the Security Exchange Board of India (SEBI) mandated the top 1,000 listed companies to provide detailed sustainability disclosures. ESG Scoring is providing the Investment Manager with key insight into how portfolio companies are faring on ESG and ongoing engagement enables the Investment Manager to obtain incremental data which is not publicly disclosed. Below is a summary of the ESG scoring for FY23:





SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT (continued)

ENGAGEMENT

In order to truly understand the direction of travel and the actions being taken by portfolio investment companies in respect of ESG and the sustainability of their business, constructive dialogue with management is at the core of the investment process of the Investment Manager. The investment advisers in India meet and interact regularly with both investee companies and potential portfolio holdings. They meet onsite where possible and will take the opportunity of visiting manufacturing facilities as well a corporate headquarters in order to build a clearer picture. In addition they also endeavour to meet employees outside of the senior management team, as this also helps to strengthen the overall understanding of the business and better establish if the ESG and sustainability ethos projected by senior management filters down through the business. Provided below are examples of the engagement undertaken by the Investment Manager to promote ESG in India:

Engagement case study 1

Engaged with PwC who serve as the ESG advisor to an auto ancillary manufacturing company to present a list of key ESG variables the company should disclose. The variables were carefully selected to ensure the company provides relevant and meaningful information to all stakeholders. The company acknowledged the importance of these variables and has implemented them into their ESG disclosure, demonstrating its commitment to transparency and sustainability which will not only benefit the environment but also contribute to the long-term success of the business.

Engagement case study 2

Engaged with cement production company on providing integrated ESG disclosure alongside their annual report. Previously the company had disclosed data with a 1-year lag but from FY23 onwards they have moved to annual integrated disclosure. This move signifies a positive step towards increased transparency and highlights the company's commitment to responsible business practices.

VOTING ON PORTFOLIO INVESTMENTS

The Investment Manager has been empowered to exercise discretion in the use of its voting rights in respect of portfolio investments. Where practicable, all shareholdings were voted at all investment company meetings which backs up and reinforces engagement and integrates sustainability issues into the voting process.

Holdings in individual companies are not large and our votes are not likely to carry weight. However as responsible investors, and due to our remit to invest in small and mid-cap Indian equities supported by a long-term investment approach, management teams do look to us for guidance on aspects of best practice. In turn we look to influence their thinking positively in respect of ESG matters.

MODERN SLAVERY STATEMENT

The Modern Slavery Statement is included under 'Employees, human rights and corporate social responsibility' on page 17.

UNITED NATIONS-BACKED PRINCIPLES OF RESPONSIBLE INVESTMENT INITIATIVE (PRI)

As part of its commitment to responsible investing, the Investment Manager is a signatory to The United Nations-backed Principles for Responsible Investment Initiative (PRI).

RISK SUMMARY

There are ESG risks for the Company associated with non-adherence to the principles highlighted above and inherent in the principal and emerging risks described in more detail in this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

The Directors are also responsible for ensuring the Company complies with the Listing Rules and Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority which, with regard to corporate governance, requires the Company to disclose how it has applied the principles, and complied with the provisions, of the AIC Code and the UK Corporate Governance Code to the Company. Except as disclosed within this Annual Report, the Board is of the view that throughout the year ended 31 December 2023, the Company complied with the recommendations and provisions of the AIC Code and the UK Corporate Governance Code.

We confirm to the best of our knowledge that:

- the audited financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the annual report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and audited financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Signed on behalf of the Board by:

Lynne Duquemin **Patrick Firth**

27 March 2024

UNAUDITED DIRECTORS' REMUNERATION REPORT

INTRODUCTION

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

REMUNERATION POLICY

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

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

The Board shall have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Remuneration

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

	Annual fee effective 01 Sept 2023 £	Annual fees paid to 31 Dec 2023 £	Annual fees paid to 31 Dec 2022 £
Elisabeth Scott (Chair)	**42,000**	**38,500**	35,000
Patrick Firth	**34,000**	**31,000**	28,000
Lynne Duquemin	**28,000**	**26,500**	25,000
Nick Timberlake[1]	**28,000**	**26,500**	[1]11,277

1 Nick Timberlake's annual equivalent Director fee for 2022 was £25,000

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

AUDIT & RISK COMMITTEE REPORT

INTRODUCTION

The Audit & Risk Committee (the "Committee") report for 2023 is presented below. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Independent Auditor and the internal control and risk management systems of the Company and its service providers.

STRUCTURE AND COMPOSITION

The Chair of the Committee is Patrick Firth. The Chair of the Committee is appointed by the Board and the members are appointed by the Board, in consultation with the Chair of the Committee. The Committee shall have a minimum of two members. All members of the Committee shall be independent non-executive directors, at least one of whom has recent and relevant financial experience. The Chair of the committee is a qualified accountant and all members of the Board have recent and relevant financial experience.

The Committee conducts formal meetings at least twice a year, normally immediately preceding the Board meetings at which the audited financial statements for the half-year and year end are reviewed. Only members of the Committee have the right to attend meetings although, with the consent of the Chair of the Committee, other Directors may be in attendance. The meetings attendance table in the Directors' Report sets out the number of Committee meetings held during the year ended 31 December 2023 and the number of such meetings attended by each committee member. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor and the Committee may meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

PRINCIPAL DUTIES OF THE COMMITTEE

The role of the Committee includes:

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

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

INDEPENDENT AUDITOR

Deloitte LLP acted as the Independent Auditor of the Company in respect of the year ended 31 December 2023.

The recent revisions to the UK Corporate Governance Code introduced a recommendation that the independent audit of FTSE 350 companies be put out to tender every 10 years. Similarly, the EU and the Competition Markets Authority have also issued requirements to tender every 10 years and extend for a maximum of further 10 years before mandatory rotation. Notwithstanding the Company does not fall within the FTSE350, the Committee will follow the developments around the FRC, EU and Competition Markets Authority guidance on tendering and consider the impact for offshore entities.

Following the recommendation of the Committee, Deloitte were appointed by the Board of Directors on 10 June 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2015 to 31 December 2023.

The independence and objectivity of the Independent Auditor is reviewed by the Committee which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services. Any non-audit

AUDIT & RISK COMMITTEE REPORT (continued)

service provided by the Independent Auditor, other than reviewing interim financial information, those services which are closely linked to the audit itself or those services which are required by law or regulation to be completed by the Auditor, requires prior Committee approval where fees for the service are in excess of £10,000 cumulative over the financial year.

In accordance with the non-audit services policy, Deloitte LLP will not be appointed to provide additional services including the provision of accounting advice. The exception is where Deloitte LLP is best placed to provide a service as a result of its audit, including the interim review which is permissible under the FRC independence rules.

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

The committee also received assurance from Deloitte LLP that no matters of concern were raised in external evaluations of their performance that would impact upon their audit of the Company.

EVALUATIONS DURING THE YEAR

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

Significant Financial Statement Issues

Liquidity and Valuation - The ongoing liquidity of the Company's investment portfolio was evaluated, which included a review of both financial and relative non-financial information. Due to the liquid nature of the Company's and ICGQ's holdings and the Company's ability to effect a disposal of any investment in ICGQ's portfolio and any of its direct investments at the prevailing market price and the distribution of proceeds back to the Company should it so wish, it was determined that no illiquidity discount would be applied in determining the fair value of the Company's investment in ICGQ and the Company's direct investments.

Going Concern and Longer-Term Viability – The Committee assessed both the going concern of the Company for a period of twelve months and its longer-term viability for a period of three years, particularly in the light of the previous Redemption Facility in December 2023. Given recent investment performance, feedback from shareholders and the adequacy of the Company's liquid resources it was determined the Company can continue in business for the foreseeable future.

The foregoing matters were discussed during the planning and final stage of the audit and there were no disagreements between the Committee and the Independent Auditor.

Effectiveness of the External Audit Process

The Committee had formal meetings with Deloitte LLP in attendance during the course of the year: 1) at the review and approval of the year end accounts, and 2) for the planning discussions for the year-end audit. The Committee performed the following in relation to its review of the effectiveness and independence of the Independent Auditor:

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

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

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

Audit fees and Non-audit Services

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

	2023 £	2022 £
Annual Audit	**52,000**	42,000
Interim Review	-	15,000

Internal Control

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

AUDIT & RISK COMMITTEE REPORT (continued)

The Committee examined and challenged externally prepared assessments of the control environment in place at the Administrator who provided an independent service auditor's report in accordance with ISAE 3402 for the year ended 30 September 2023.

CONCLUSION AND RECOMMENDATION

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

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

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

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

Patrick Firth | **Audit & Risk Committee Chair**

27 March 2024

PRINCIPAL INVESTMENTS OF THE GROUP

AS AT 31 DECEMBER 2023

HOLDING	Market cap size[1]	Sector	Value £000	% of company NAV
Federal Bank	M	Financials	10,610	5.8%
Indusind Bank	L	Financials	9,019	4.9%
IDFC Bank	M	Financials	8,743	4.8%
Emami	M	Consumer Staples	8,157	4.5%
Dixon Technologies	M	Consumer Discretionary	7,380	4.0%
Persistent Systems	M	Information Technology	7,202	3.9%
RBL Bank	M	Financials	6,531	3.6%
PI Industries	M	Materials	6,394	3.5%
Ramkrishna Forgings	S	Materials	6,202	3.4%
Sona BLW Precision Forgings	M	Consumer Discretionary	5,908	3.2%
Skipper	S	Industrials	5,852	3.2%
Neuland Laboratories	S	Health Care	5,684	3.1%
JK Lakshmi Cement	S	Materials	5,652	3.1%
Welspun India	S	Consumer Discretionary	5,496	3.0%
Affle India	M	Communication Services	5,293	2.9%
Ashok Leyland	M	Industrials	4,911	2.7%
Jyothy Laboratories	M	Consumer Staples	4,862	2.7%
Multi Commodity Exchange	S	Financials	4,771	2.6%
City Union Bank	S	Financials	4,584	2.5%
CCL Products India	S	Consumer Staples	4,416	2.4%
Total top 20 portfolio investments			**127,667**	**69.8%**

Investments may be held by the Company and its Mauritian subsidiary, ICG Q Limited.

[1] Refer to page 33 for market capitalisation size definitions.

PORTFOLIO STATEMENT

AS AT 31 DECEMBER 2023

HOLDING	Market cap size[1]	Nominal	Value £000	% of company NAV
LISTED SECURITIES				
Communication Services				
Affle India Ltd	M	430,000	5,293	2.9%
			5,293	2.9%
Consumer Discretionary				
Bajaj Electricals	S	312,734	2,912	1.6%
Balkrishna Industries	M	148,000	3,583	2.0%
Dixon Technologies	M	119,248	7,380	4.0%
Sona BLW Precision Forgings	M	972,714	5,908	3.2%
Vedant Fashions	M	116,638	1,394	0.8%
VIP Industries	S	678,853	3,824	2.1%
Welspun India	S	4,036,913	5,496	3.0%
			30,497	16.7%
Consumer Staples				
CCL Products India	S	727,883	4,416	2.4%
Emami	M	1,535,182	8,157	4.5%
Jyothy Laboratories	M	1,077,326	4,862	2.7%
			17,435	9.6%
Financials				
Cholamandalam Investment and Finance Company	L	175,000	2,077	1.1%
City Union Bank	S	3,264,000	4,584	2.5%
IDFC Bank	M	10,435,000	8,743	4.8%
Indusind Bank	L	598,500	9,019	4.9%
Multi Commodity Exchange	S	158,227	4,771	2.6%
RBL Bank	M	2,481,000	6,531	3.6%
Federal Bank	M	7,209,380	10,610	5.8%
			46,335	25.3%
Healthcare				
Neuland Laboratories	S	113,986	5,684	3.1%
			5,684	3.1%

[1] Refer to page 33 for market capitalisation size definitions.

PORTFOLIO STATEMENT (continued)

HOLDING	Market cap size[1]	Nominal	Value £000	% of company NAV
Industrials				
Ashok Leyland	M	2,870,000	4,911	2.7%
Bajel Projects	S	312,734	390	0.2%
Finolex Cables	S	157,207	1,584	0.9%
Kajaria Ceramics	M	347,698	4,266	2.3%
PSP Projects	S	459,000	3,316	1.8%
Skipper	S	2,716,924	5,852	3.2%
Uniparts India	S	655,339	3,570	2.0%
			23,889	13.1%
IT				
Persistent Systems	M	103,408	7,202	3.9%
Tech Mahindra	L	279,719	3,356	1.9%
			10,558	5.8%
Materials				
Essel Propack	S	1,419,399	2,701	1.5%
JK Lakshmi Cement	S	666,826	5,652	3.1%
PI Industries	M	192,956	6,394	3.5%
Ramkrishna Forgings	S	906,794	6,202	3.4%
Sagar Cements	S	1,611,000	3,866	2.1%
The Ramco Cements	M	145,644	1,401	0.8%
			26,216	14.4%
Total equity investments (including those held by ICG Q Limited)			**165,907**	**90.90%**
Cash less other net current liabilities			16,521	9.1%
Total Net Assets (before deferred taxation for Indian CGT)			**182,428**	**100.0%**
Deferred tax provision for Indian CGT			(8,926)	
Total Net Assets (after deferred taxation for Indian CGT)			**173,502**	

Notes:

L: Large cap – companies with a market capitalisation above US$8bn	7.9%
M: Mid cap – companies with a market capitalisation between US$2bn and US$8bn	47.5%
S: Small cap – companies with a market capitalisation below US$2bn	35.5%
	90.9%

Equity investments may be held by the Company and its Mauritian subsidiary, ICG Q Limited.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and;
- the related notes 1 to 15.

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

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were; • Valuation of the Company's investment in its subsidiary, and the valuation of directly held investments Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £1,735,053 which was determined on the basis of 1% of Net Assets.
Scoping	The Company was audited as a single component. Balances were scoped in for testing based on our assessment of risk of material misstatement. As part of our risk assessment process, we considered the impact of controls implemented at service organisations of the Company.
Significant changes in our approach	Following the outcome of the shareholder redemptions at 31 December 2023, and the subsequent reduced uncertainty, we did not identify going concern as a key audit matter in the current year. Additionally, our key audit matter relating to the Company's investments is focussed this year on their valuation, instead of valuation and ownership.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In our assessment of the directors' use of the going concern assessment, we performed the following procedures:

- We reviewed the minutes of the Extraordinary General Meeting held on 12 June 2020 which introduced 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 event was on 31 December 2021, the second being 31 December 2023 and the next being 31 December 2025.
- We reviewed redemption payments for the valid redemption requests received as at 31 December 2023 and their impact on the going concern of the Company;
- We assessed the performance of the Company post redemptions, specifically reviewing factsheets prepared by the investment manager.;
- We reviewed the Company's share price movement on the London Stock Exchange after the redemptions;
- We inspected the Company's website for evidence of regular updates to shareholders with particular focus on the going concern of the Company;
- We reviewed management's going concern assessment with particular attention to liquidity of the investment portfolio; and
- We assessed the relevant disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (continued)

In relation to the reporting on how the company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KEY AUDIT MATTERS

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

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

Valuation of the Company's investment in its subsidiary, and valuation of directly held investments

Key audit matter description	The fair value of investments the company holds in its subsidiary, ICGQ is determined by its NAV at year end. The majority of ICGQ's NAV comprises its investments and as a result there is risk that if these are materially misstated, the investment balance recorded in ICGF's financial statements will be misstated. Investments are the most significant balance on the Statement of Financial Position, errors or deliberate manipulation of valuationscould result in a material misstatement to the financial statements. Details of the investments are disclosed in notes 5 and 9 and the accounting policies relating to them are disclosed in note 1.
How the scope of our audit responded to the key audit matter	In order to test the valuation of the Company's investments as at 31 December 2023 we performed the following procedures:s: • We obtained an understanding of the relevant controls relating to the valuation of investments, including controls adopted by the Company's administrators; • We assessed the adequacy of the ISAE 3402 controls report prepared for the administrator by its service auditor to establish whether the valuation controls included within the report covered the NAV controls we were seeking to rely on and whether there were any exceptions identified by the service auditor; • Agreed the unit prices of all investments in the Company and ICG Q to independent pricing sources; • We examined trading volumes for all investments held by the Company and ICG Q and for any investments that were not traded daily and performed further analysis to assess whether these investments were sufficiently liquid to be classified as a Level 1 investment; • Tested the initial cost of investment transactions by agreeing the purchase and sale of a sample of the Company's equity shares to independent evidence; and • Reconciled the net asset value of ICG Q to the investment value recorded in ICG Q's trial balance.
Key observations	We concluded that the valuation of investments in the subsidiary, and valuation of directly held investments was appropriate.

INDEPENDENT AUDITOR'S REPORT (continued)

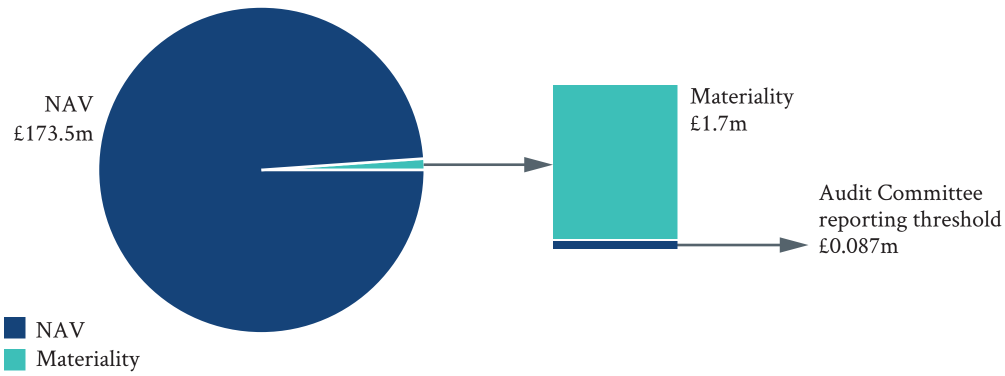
Our application of materiality

Materiality

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

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

Materiality	£1,735,000 (2022: £1,351,700)
Basis for determining materiality	1% of Net Assets, which is consistent with the prior year.
Rationale for the benchmark applied	Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Company's overall control environment;
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods; and
- potential impact as result of the redemption facility that is due within the next 12 months.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £86,700 (2022: £67,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Scoping

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal controls, and assessing the risks of material misstatement. The Company holds investments directly and also through its wholly owned subsidiary ICG Q Limited. We audited the Company which included testing the valuation of the Company's investment in ICG Q Limited which involved testing the net assets value of ICG Q Limited.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Our consideration of the control environment

The Company is administered by a third-party Guernsey regulated service provider. As part of our audit, we obtained an understanding of relevant controls established at the service provider. We obtained the independently audited ISAE 3402 report on the service provider's controls, which included financial reporting controls as well as General IT Controls (GITCs). We also obtained a bridging letter from the date of the ISAE 3402 report to year end on the controls in place.

Our consideration of climate-related risks

The Company, through its investment advisor, has considered climate related risks from its operations. The Company's climate related risks arise from companies it invests in. As fully explained in the Sustainability and Environmental, Social and Governance ("ESG") report on page 23 – 26 and Note 10 of the financial statements, the investment advisor has developed a scoring model in which companies they invest in are tracked for their climate risk processes and disclosures.

In our assessment of the Company's climate related risks and disclosures, we performed the following procedures:

- We assessed the Company's climate related risks by obtaining an understanding of management's process and controls in considering the impact of climate risks and assessed whether the risks identified are complete and consistent with our understanding of the Company;
- We performed peer reviews of similar companies with similar exposure to the Indian equity market for their climate related risks and disclosures and compared to the Company's climate related risks and disclosures;
- We reviewed the ESG factors considered by the Company in their ESG report on page 25 and compared these to broad industry specific factors; and

We challenged the metrics considered in coming up with the scoring model through review of source data of the metrics and comparing to disclosures of similar companies.

OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Valuation of the Company's investment in its subsidiary and the valuation of the directly held investments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

INDEPENDENT AUDITOR'S REPORT (continued)

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008; the Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

AUDIT RESPONSE TO RISKS IDENTIFIED

As a result of performing the above, we identified valuation of the company's investment in its subsidiary and the valuation of the directly held investments as a key audit matter related to the potential risk of fraud. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the board and the Audit Committee and reviewing correspondence with the Guernsey Financial Services Commission; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 19;
- the directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 20;
- the directors' statement on fair, balanced and understandable set out on page 26;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 16;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 16; and
- the section describing the work of the Audit Committee set out on page 28.

INDEPENDENT AUDITOR'S REPORT (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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

S. W Crowley

Stuart Crowley FCA
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

27 March 2024

AUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Revenue £000	Capital £000	2023 Total £000	2022 Total £000
Income					
Dividend income		**144**	**-**	**144**	113
Foreign exchange gain		**(386)**	**-**	**(386)**	65
Net gain on financial assets at fair value through profit or loss	5	**-**	**40,169**	**40,169**	4,374
Total income		**(242)**	**40,169**	**39,927**	4,552
Expenses					
Operating expenses	3	**(538)**	**-**	**(538)**	(534)
Transaction costs		**(55)**	**-**	**(55)**	(22)
Total expenses		**(593)**	**-**	**(593)**	(556)
Profit for the year before taxation		**(832)**	**40,169**	**39,334**	3,996
Taxation	6	**(30)**	**(696)**	**(726)**	(223)
Total comprehensive income for the year		**(865)**	**39,473**	**38,608**	3,773
Earnings per Ordinary Share (pence)	4			**40.01**	3.88
Diluted earnings per Ordinary Share (pence)	4			**40.01**	3.88

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

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

The notes on pages 46 to 56 form part of these financial statements.

AUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Financial asset designated at fair value through profit or loss	5	**169,649**	134,986
Current assets			
Cash and cash equivalents		**5,009**	646
Other receivables and prepayments		**191**	158
		5,200	804
Current liability			
Payables and accruals		**(254)**	(214)
Net current assets		**4,946**	590
Non-current liability			
Deferred taxation	6	**(1,093)**	(397)
Net assets		**173,502**	135,179
Equity			
Share capital	8	**963**	965
Reserves		**172,539**	134,214
Total equity		**173,502**	135,179
Number of Ordinary Shares in issue	8	**96,330,656**	96,515,653
Net Asset Value per Ordinary Share (pence) - Undiluted and diluted		**180.11**	140.06

The audited financial statements on pages 42 to 56 were approved by the Board of Directors on 27 March 2024 and signed on its behalf by:

Lynne Duquemin

Patrick Firth

The notes on pages 46 to 56 form part of these financial statements.

AUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2023		**965**	**71,583**	**(10,524)**	**73,155**	**135,179**
Gain on investments		**-**	**39,473**	**-**	**-**	**39,473**
Share repurchase	8	**(2)**	**-**	**-**	**(283)**	**(285)**
Total comprehensive income for the year		**-**	**-**	**-**	**(865)**	**(865)**
Balance as at 31 December 2023		**963**	**111,056**	**(10,524)**	**72,007**	**173,502**

FOR THE YEAR ENDED 31 DECEMBER 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
Gain on investments		-	4,175	-	-	4,175
Share repurchase	8	(156)	-	-	(19,469)	(19,625)
Total comprehensive income for the year		-	-	-	(402)	(402)
Balance as at 31 December 2022		965	71,583	(10,524)	73,155	135,179

The notes on pages 46 to 56 form part of these financial statements.

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Operating profit		**39,334**	3,996
Adjustments for:			
Net gain on financial assets at fair value through profit or loss		**(40,169)**	(4,374)
Foreign exchange loss/(gain)		**386**	(65)
Dividend income		**(144)**	(113)
(Increase)/decrease in other receivables and prepayments		**(33)**	22
Increase/(decrease) in payables and accruals		**40**	(33)
Cash used in operations		**(586)**	(567)
Witholding tax deducted		**(30)**	(24)
Net cash flows from investing activities		**(616)**	(591)
Cash flows from investing activities			
Dividend income		**144**	113
Acquisition of investments	5	**(19,471)**	(5,441)
Disposal of investments	5	**24,977**	23,615
Net cash flows from investing activities		**5,650**	18,287
Cash flows from financing activities			
Redemption of shares		**(285)**	(19,625)
Net cash used in financing activities		**(285)**	(19,625)
Net increase/(decrease) in cash and cash equivalents during the year		**4,749**	(1,929)
Cash and cash equivalents at the start of the year		**646**	2,510
Foreign exchange (loss)/gain		**(386)**	65
Cash and cash equivalents at the end of the year		**5,009**	646

The notes on pages 46 to 56 form part of these financial statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. MATERIAL ACCOUNTING POLICIES

Basis of accounting

The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and interpretations adopted by the International Accounting Standards Board ("IASB"),and the Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2023. With effect from 1 January 2024, the Company intends to adopt IASB as adopted by the UK. The Company's Guernsey registration number is 1030287.

Basis of preparation

The audited financial statements for the year ended 31 December 2023 have been prepared under the historical cost convention adjusted to take account of the revaluation of the Company's investments to fair value.

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

Going concern

The Board 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 audited 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 (80.3% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio (the net asset value of the Company increased 28.6% 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 50 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 working 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 ordinary shares which were subsequently redeemed under the redemption facility in accordance with the announced timetable.

The second redemption point was on 31 December 2023 when valid redemption requests were received in respect of 15,159,876 ordinary shares (15.7% of the then issued share capital) which were subsequently redeemed under the redemption facility at a total cost of £26.5m in accordance with the announced redemption price on 8 January 2024. Since the year end, to satisfy demand in the market, the Company has issued over 5.8m shares from Treasury at a premium to NAV raising over £10.5m in new capital, and bought back 150,000 shares at a significant discount to NAV. As at 29 February 2024 the Company's net asset value remains strong at £159.7m.

The next date at which shareholders will be able to request the redemption of some or all of the shares is scheduled to be 31 December 2025 for shareholders on the register at 30 September 2025.

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.

Impact of IFRS 10 'Consolidated Financial Statements'

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

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

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

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

The IFRS 10 Investment Entity Exemption requires investment entities to fair value all subsidiaries that are

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Material accounting policies (continued)

themselves investment entities. As the subsidiary meets the criteria of an investment entity, it has not been consolidated. On the basis of the above, these audited financial statements represent the stand-alone figures of the Company.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Expenses

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

Taxation

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

Deferred taxation

Deferred taxation is recognised in respect of all temporary differences at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise, using enacted taxation rates that are expected to apply at the date the deferred taxation position is unwound.

Financial instruments

The Company's investment in ICGQ Limited is designated at fair value through profit or loss as the Company meets the definition of an investment entity under IFRS 10. It is initially recognised at fair value, being the cost incurred at acquisition. Transaction costs are expensed in the statement of comprehensive income. Gains and losses arising from changes in fair value are presented in the statement of comprehensive income in the period in which they arise and are presented in the Capital column of the Statement of Comprehensive Income.

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

The basis of the fair value of the investment in the underlying subsidiary, ICG Q Limited, is its Net Asset Value. ICG Q Limited's investments are designated at fair value through profit and loss, fair value is determined by reference to the mid-market price ruling at the balance sheet date, or if this is not available, the latest mid-price from the Investment Manager.

Financial assets

Portfolio investments held by the Company are stated at the mid-market price quoted on the Indian Stock Exchanges. Purchases and sales are recognised on the trade date - the date on which the Company commits to purchase or sell the investment. Realised gains and losses are calculated with reference to book cost on a FIFO (First in First out) basis.

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

Impairment of financial assets

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

Receivables and payables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition. Such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment, such impairment to be determined using the simplified expected credit losses approach in accordance with IFRS 9. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss. The losses arising from impairment are recognised in profit or loss.

Other financial liabilities include all financial liabilities, other than those classified as at fair value through profit or loss ("FVPL"), are initially measured at fair value plus transaction costs. The Company includes in this category short-term payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Material accounting policies (continued)

Foreign currency translation

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

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

Cash and cash equivalents

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

Share capital

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

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.

Changes in material 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 on or after 1 January 2023:

- 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)
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance Contracts: Amendments regarding the principles for the recognition, measurement, presentation and disclosure of Insurance contracts (applicable for annual periods beginning on or after 1 January 2023)

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 or after 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning after 1 January 2024, but not yet endorsed in the EU)

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

a. What is meant by a right to defer settlement;

b. That a right to defer must exist at the end of the reporting period;

c. That classification is unaffected by the likelihood that an entity will exercise its deferral right; and

d. That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's audited financial statements.

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

- Amendments to IAS7 and IFRS 7: Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's audited financial statements.

The Directors anticipate that the adoption of the above Standards in future years will have no material impact on the audited financial statements of the Company in the year of initial application.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Directors 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.

Critical accounting judgements

IFRS 10 defines an investment entity and requires a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries, but instead to measure its subsidiaries at fair value through profit or loss in its audited financial statements.

An investment entity is defined as an entity that:

- Obtains funds from one or more investors for the purpose of providing them with professional investment management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates performance of substantially all of its investments on a fair value basis.

The board has concluded that the Company is an investment entity as it satisfies more than one of the typical characteristics of an investment entity as noted above.

Key sources of estimation uncertainty

The Company invests in listed shares to which no estimation is required to determine the closing values. The underlying investments in ICG Q are all listed securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OPERATING EXPENSES

	2023 £000	2022 £000
Administration and secretarial fees	**84**	77
Audit fees	**52**	66
Broker fee	**23**	31
D&O insurance	**8**	10
Directors' fees and expenses	**126**	120
General expenses	**60**	63
Marketing expenses	**88**	94
Other professional fees	**45**	36
Registrar fee	**7**	12
Regulatory fees	**45**	25
	538	534

4. EARNINGS PER SHARE

Earnings per Ordinary Share and the fully diluted earnings per share are calculated on the profit for the year of £38,608,000 (2022 – profit of £3,773,000) divided by the weighted average number of Ordinary Shares of 96,487,421 (2022 – 97,279,178).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consists of investments in securities listed on Indian Stock Exchanges, 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:

	2023 Total £000	2022 Total £000
Fair value at beginning of year	**134,986**	148,786
Disposal of investments	**(24,977)**	(23,615)
Acquisition of investments	**19,471**	5,441
Realised gains on disposal of investments	**17,181**	15,787
Unrealised gains/(losses) on revaluation	**22,988**	(11,413)
Fair value at end of year	**169,649**	134,986

The net realised and unrealised gains above totalling £40,169,000 (2022: £4,374,000) on financial assets at fair value through profit and loss comprise gains on the Company's holding in ICG Q Limited of £35,412,000 (2022: gains of £2,554,000) and gains of £4,757,000 (2022: gains of £1,820,000) 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 audited financial statements of ICG Q Limited, as set out below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2023 Total £000	2022 Total £000
Dividend income	**959**	950
Unrealised gain/(loss) on financial assets at fair value through profit and loss	**24,310**	(14,289)
Foreign exchange loss	**(2,612)**	(442)
Realised gain on disposal of investments	**19,035**	17,935
Investment management fees	**(1,702)**	(1,370)
Other operating expenses	**(91)**	(79)
Withholding tax on dividend income	**(197)**	(199)
Deferred taxation for Indian Capital Gains Tax	**-**	201
Other taxes	**(4,208)**	(55)
Transaction costs	**(82)**	(98)
Net profit of ICG Q Limited	**35,412**	2,554

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

6. TAXATION

Guernsey

India Capital Growth Fund Limited is exempt from taxation in Guernsey on non-Guernsey sourced income. The Company is exempt under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended) and paid the annual exemption fee of £1,200. For the year ended 31 December 2023, the Company had a tax liability of £Nil (2022: £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 £1,093,000 at 31 December 2023 (2022: £397,000) and for its subsidiary was £7,833,000 at 31 December 2023 (2022: £4,187,000).

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 year ended 31 December 2023 was £30,000 (2022: £24,000) and for its subsidiary was £197,000 (2022: £199,000).

Minimum top-up tax

The Company has adopted mandatory exception to the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. However, because no new legislation to implement the top up tax was enacted or substantively enacted in India hence no related deferred tax was recognised at that date, the retrospective application has no impact on the Company's financial statements.

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 are from a single segment under the standard. From a geographical perspective, the Company's activities are focused in a single area – India. The subsidiary, ICG Q Limited, focuses its investment activities in listed securities in India. Additional disclosures have been provided in this Annual Report as elaborated in the Directors' Report to disclose the underlying information.

8. SHARE CAPITAL

Authorised Share Capital

Unlimited number of Ordinary Shares of £0.01 each

Issued and paid share capital	Number of shares	Share capital £000
Ordinary shares of £0.01 each:		
At 31 December 2022	96,515,653	965
Shares transferred to treasury	(184,997)	(2)
At 31 December 2023	**96,330,656**	**963**

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 a 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

There was a total buy back of 184,997 ordinary shares during the year ended 31 December 2023. These shares were transferred from Issued Share Capital Account to Treasury Shares Account and were purchased at a discount to the Net Asset Value per share, as per below:

Date	Number of shares	Par value £	Buy back price £	Value of buy back £
27 October 2023	**50,000**	**0.01**	**1.425**	**71,250**
8 November 2023	**34,997**	**0.01**	**1.575**	**55,120**
9 November 2023	**100,000**	**0.01**	**1.590**	**159,000**
Total	**184,997**			**285,370**

Other distributable reserves

Other distributable reserves includes all other gains and losses during the year except for the realised and unrealised gains and losses on the investments measured at FVTPL. Other distributable reserves includes foreign exchange gains and losses made on ordinary transactions, dividend income and general expenses, as well as taxation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 31 December 2023 is as follows:	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	**34,948**	**-**	**-**	**34,948**
Unlisted securities	**-**	**134,701**	**-**	**134,701**
Total	**34,948**	**134,701**	**-**	**169,649**

The analysis as at 31 December 2022 is as follows:	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	14,038	-	-	14,038
Unlisted securities	-	120,948	-	120,948
Total	14,038	120,948	-	134,986

The Company's investment in ICG Q Limited, the Company's wholly owned subsidiary is priced based on the subsidiary's net asset value as calculated as at the reporting date. The Company has the ability to redeem its investment in ICG Q Limited at the net asset value at the measurement date therefore this is categorised as level 2. The classification within the hierarchy does not necessarily correspond to the Investment Manager's perceived risk of the investment, nor the level of the investments held within the subsidiary. All the underlying investments of ICG Q Limited are categorised as level 1 at 31 December 2023 and 2022. The year-end fair value of those investments, together with cash held in ICG Q Limited, comprise all but an insignificant proportion of the net asset value of the subsidiary.

There has been no movement between levels for the year ended 31 December 2023. There were no changes in valuation techniques during the year ended 31 December 2023.

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 fixed capital for investment. It has no legal capital regulatory requirement. The Board has the power to purchase shares for cancellation thus reducing capital and the Board considers on a regular basis whether it is appropriate to exercise such powers. In the year ended 31 December 2023, the Board determined that it was inappropriate to exercise such powers, although continuation of these powers will be sought at the Annual General Meeting.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

Environmental and social ("E&S") impact risk

E&S impact risk is a transverse risk that impacts most of our other risks: market risk, foreign currency risk, credit risk, liquidity risk, operational non-financial risk, legal and regulatory risk, and reputation risk. Our Investment Manager has developed a qualitative scoring model which measures climate and other environmental impacts and the reporting thereof by the Company's investment portfolio companies.

The Investment Manager considers all factors that may have a financial material impact on returns. Climate change is a key factor. The related physical and transition risks are vast and are becoming increasingly financially material for many investments. Not only in the obvious high-emitting sectors, such as energy, utilities and transportation, but also along the supply chain, providers of finance and in those reliant on agricultural outputs and water. It is important that the financial implications of material climate-change risks are assessed across all asset classes, including real assets, and make portfolios more resilient to climate risk. Comparable climate-related data is necessary to enable effective decision making, and is something the Investment Manager actively sources and incorporates into its process and scoring model. Regular engagement with all investee companies allows the Investment Manager to better understand their exposure and management of climate change risks and influence corporate behaviour positively in relation to climate risk management.

Market risk

Market price risk arises mainly from the uncertainty about future price 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, including the impact of inflation, which are monitored by the Investment Manager in pursuit 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 31 December 2023, 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 Investment Manager has a team on the ground in India who keep abreast of the latest political developments and economic forecasts that may impact the listed equities market in India and regularly advise the Board thereof.

The Group's investment portfolio (refer to page 32) 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 (2023: 90.90%; 2022: 97.3%) to any movement in the BSE Mid Cap Total Return Index.

At 31 December 2023, with all other variables held constant, this approximation would produce a movement in the net assets of the Group's investment portfolio of £16,590,731 (2022: £13,423,000) for a 10% (2022: 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 consists of predominantly Rupee denominated investments but reporting, and in particular the reported Net Asset Value, is denominated in Sterling. Any appreciation or depreciation in the Rupee would have an impact on the performance of the Company. The underlying currency risk in relation to 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 31 December 2023, if the Indian Rupee had strengthened or weakened by 10% (2022: 10%) against Sterling with all other variables held constant, pre-tax profit for the period would have been £20,910,238 (2022: £13,913,000) 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 affected by the custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are affected against binding subscription agreements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

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 31 December 2023 was £65,379 (2022: £4,897,000).

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 long-term credit rating of AAA (CRISIL Ratings – a S&P company).

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. As the trading volume on the Indian stock markets is lower than that of more developed stock exchanges the Group may be invested in relatively illiquid securities. The Group has no unlisted securities, and its focus is to invest predominantly in mid and small cap listed stocks. However, there remain holdings where there is relatively little market liquidity, which may take time to realise. The Directors do not believe that the market is inactive enough to warrant a discount for liquidity risk on 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 affect 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 ICG Q Limited and the Company 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 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.

11. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Directors are responsible for the determination of the investment policy and have overall responsibility for the Company's activities. Directors' fees are disclosed in the unaudited Directors' remuneration report.

During the year 2023, the investment management fee was equivalent to 1.25 per cent per annum of the aggregate value of its assets less current liabilities, calculated and payable monthly in arrears. The Investment Manager earned £1,702,000 in management fees during the year ended 31 December 2023 (2022: £1,370,000) of which £162,000 was outstanding at 31 December 2023 (2022: £125,000).

Under the terms of the Administration Agreement, Apex Fund and Corporate Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a fee of 5 basis points of the NAV of the Company, whichever is greater. The Administrator is also entitled to reimbursement of all out-of-pocket expenses recoverable by way of a fixed disbursement charge of US$50 per month excluding all international calls and courier. The Administrator earned £84,000 for administration and secretarial services during the year ended 31 December 2023 (2022: £77,000) of which £23,000 was outstanding at 31 December 2023 (2022: £19,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2023 and at the date of approving these audited financial statements.

13. SIGNIFICANT EVENTS

On 6 March 2023, AssetCo PLC founded and chaired by Martin Gilbert, acquired the Company's investment manager, Ocean Dial Asset Management Limited. The successful investment team in India, led by Gaurav Narain, continues unchanged.

14. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors of the Company, the Company has no ultimate controlling party

15. SUBSEQUENT EVENTS

During the month of January 2024, 15,159,876 ordinary shares, equivalent to 15.7% of the shares in issue as at 31 December 2023 (excluding treasury shares), were redeemed at 174.08p per Redemption Share. These Redemption Shares were held in treasury following the redemption of shares paid in January 2024, which resulted in a £26.2m reduction in the net asset value of the Company.

During the period from 31 December 2023 to the date of signing of these Financial Statements, 5,828,500 shares have been issued from Treasury and 150,000 shares bought back into Treasury.

Following the transactions, the Company's issued share capital comprises:

- 87,274,156 Ordinary Shares (excluding treasury shares)
- 25,228,017 Ordinary Shares held in treasury
- 112,502,173 Ordinary Shares (including treasury and redemption shares)

There are no other material events since the end of the reporting period which would require disclosure or adjustment to the audited financial statements for the year ended 31 December 2023.

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