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India Capital Growth Fund Limited
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**INDIA CAPITAL GROWTH FUND LIMITED**

**Annual Results for the year ended 31 December 2024**

27 March 2025, London - India Capital Growth Fund ("ICGF" or "the Company"), the LSE premium listed investment company established to take advantage of long-term investment opportunities in companies based in India, today reports results for the year ended 31 December 2024.

**Financial Highlights**

| | 2024 | 2023 |
|---|---|---|
| **Net Asset Value (NAV) per share total return** | **16.0%** | 28.6% |
| **Share price total return** | **11.3%** | 34.1% |
| **Share price discount to NAV (Discount)** | **7.9%** | 3.9% |
| Average Discount for the year | **7.7%** | 7.5% |
| ***Per Ordinary Share*** | | |
| Net Asset Value (NAV) | **209.01p** | 180.11p |
| Share price | **192.50p** | 173.00p |
| ***FX impact*** | | |
| Indian Rupee / Sterling | **107.46** | 106.11 |

- The NAV rose 16.0% whilst the share price improved 11.3% during the year
- The share price month end discount averaged 7.7% over the year, with a range of 1.0% to 12.6%. The Board intends to continue to issue shares from Treasury when the shares trade at a premium to NAV of at least 0.5% and repurchase shares when the discount to NAV is inappropriately wide, unless volatile market conditions exist.
- The Company issued over 5.8m shares from Treasury at a premium of at least 0.5% raising over £10.7m and repurchased over 1.6m shares (exc. Redemption Shares) at a discount ranging from 14.8% to 7.7% at a total cost of over £2.8m during the year.
- The third Redemption Point is scheduled for the last working day in November 2025, subject to shareholder approval at the forthcoming AGM, for eligible shareholders on the register at 29 August 2025.
- India's economic growth in 2024 has been reflected in its vibrant and fast-growing corporate sector, which continued to expand and diversify over the year. This, in turn, has supported stock markets, which delivered another strong year of returns.
- The Indian market continues to be expensive, relative to its peers and relative to its history, largely attributable to Indian companies' high return on equity and faster growth. It is at the higher end of valuations so against this backdrop, it is a market that merits some careful navigation, particularly among the popular small and mid-cap companies.

**Elisabeth Scott, Chair of India Capital Growth Fund, said:**
*"The first few months of 2025 have seen considerable turbulence in India's equity markets, with small and mid cap stocks taking the greatest hit. All eyes, of course, are on the United States and on the prospect of trade tariffs, which are likely to affect Indian exporters.*

*The Board is confident that the Investment Manager's strategy of investing in high quality companies with reputable management teams continues to be relevant and will provide good returns to shareholders over time."*

**ENQUIRIES**


**River Global & Ocean Dial Asset Management, Investment Mgr.**
Lucy Draper & Robin Sellers +44 20 3327 5107

**Shore Capital, Financial Adviser and Broker**
Gillian Martin (Corporate Advisory) +44 20 7408 4090
Henry Willcocks, Fiona Conroy (Corporate Broking)

**Apex Fund and Corporate Services (Guernsey), Company Secretary** +44 20 3530 3687
Matt Lihou indiacapitalbox@apexgroup.com


**About India Capital Growth Fund**

India Capital Growth Fund Limited the LSE premium listed investment company registered and incorporated in Guernsey, was established to take advantage of long-term investment opportunities in companies based in India. ICGF predominantly invests in listed mid and small cap companies, although investments may also be made in large cap and private Indian companies where the Fund Manager believes long-term capital appreciation will be achieved. www.indiacapitalgrowth.com

**HIGHLIGHTS**

Financial highlights for the year ended 31 December 2024

| | |
|---|---|
| **16.0%** | **Net Asset Value per share total return of 16.0% (2023: 28.6%)**<br>The Net Asset Value (NAV) per share total return for the year was 16.0% (2023: 28.6%). This is in comparison to the Notional Benchmark BSE Midcap Total Return Index which returned 25.6% (2023: 38.4%).<br>The NAV per share total return is the theoretical return to shareholders calculated on a per share basis based upon the increase or decrease in the NAV over the relevant year.<br>The BSE Midcap Total Return Index (Index) return is based upon the increase or decrease in the published Index converted to GBP over the relevant year. |
| **11.3%** | **Shareholder total return of 11.3% (2023: 34.1%)**<br>The shareholder total return for the year was 11.3% (2023: 34.1%). The share price as at 31 December 2024 was 192.5p (2023: 173.0p).<br>The shareholder total return is the theoretical return to shareholders calculated on a per share basis based upon the increase or decrease in the share price over the relevant year. |
| **7.9%** | **Shares ended the year at a discount of 7.9% (2023: 3.9%)**<br>The shares traded at an average discount to NAV of 7.7% (2023: 7.5%) over the year.<br>The discount is shown as a percentage to NAV and is calculated based upon the difference between the Company's NAV and share price. The average discount is based upon the published month end discount for the twelve months of the year. |

**CHAIR'S STATEMENT**

I am delighted to report that 2024 was a strong year for your Company. The Company's share price rose by 11.3%, while the underlying Net Asset Value (NAV) per share increased by 16.0%. During the year, the key event was the General Election, which took place between April and June 2024, and was won by Prime Minister Modi's BJP Party, albeit without the overwhelming majority that had been predicted. Nonetheless, the BJP's reform agenda remains in place, with an emphasis on infrastructure spending, increased government efficiency, and the "Make in India" focus on boosting domestic manufacturing. As a consequence, economic growth has remained strong, particularly compared to other major economies around the globe.

**Performance**

While overall performance was positive, your Company did underperform its notional benchmark index, the BSE Midcap Total Return Index, with the first half of the year being a particularly challenging period. Shareholders will be familiar with the focus of the Company's portfolio on high quality companies, which are intended to be held for multiple years. With this in mind, it should be noted that we do not expect the Manager to always outperform the BSE Midcap index, particularly in periods when a focus on quality is not rewarded, however the Board remains confident that the Manager's approach will continue to win out over the long term. Gaurav Narain's commentary in the Investment Review highlights some of the contributors to, and detractors from, performance along with the key themes supporting the Company's holdings and explains why the Company did not own some of the best performing stocks in the market.

**Discount and Redemption Facility**

As shareholders will no doubt be aware, the Company's second Redemption Facility took place on 31 December 2023. In total 15.16 million shares were redeemed representing 15.1% of the Company's market capitalisation at that time. As I noted in my statement last year, the redemption led to a transformation of the shareholder register which is now predominantly made up of retail shareholders who own shares either directly or via platforms.

For a period after redemption this allowed your Company's shares to trade more closely to their NAV and, in January, February and March 2024, the Company issued 5.83m shares from Treasury at a premium to NAV of at least 0.5%. However, after negative comments from the Chair of SEBI, the Indian financial regulator, hit the mid and small cap sectors, confidence suffered and your Company's shares moved from a premium to NAV to a discount. Consequently, the Company repurchased some 1.6 million shares from March through to the end of the year at discounts between 4.1% and 14.8%.

Since the year end, your Company has continued to repurchase shares when appropriate. In the year to date, 345,000 shares have been repurchased at a discount to NAV of between 9.7% and 11.1%.

Shareholders should bear in the mind that the third Redemption Facility takes place on the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025. Previous Redemption Facilities have taken place every two years on the last working day of December. Further details will be given in July 2025.

**Investor Relations**

**Investor Relations**

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 2024, Gaurav and the investor relations team from Ocean Dial/River Global PLC have visited a wide range of professional and retail investors across the UK to update investors on the Indian economy, general election results, and the performance of the investment portfolio.

Gaurav was on the platform at the well-attended AIC Investor Showcase event, where he and other India fund managers debated the prospects for the Indian stock market.

The Company has participated in webinars, accessible to all shareholders, either hosted internally or via external providers. I encourage shareholders who have not yet taken advantage of these webinars to sign up for updates on the India Capital Growth Fund website www.indiacapitalgrowth.com .

We understand that individual shareholders would like the opportunity to see Gaurav in person. I am pleased to announce that our Annual General Meeting will take place in London on 5 June this year. Further details will be announced in the AGM Circular and Notice of Meeting as well as on the India Capital Growth Fund website in due course.

**Environment, Social and Governance (ESG)**
Along with colleagues at River Global PLC, 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, and how India has taken significant steps to improve its ESG reporting.

**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**
The first few months of 2025 have seen considerable turbulence in India's equity markets, with small and mid cap stocks taking the greatest hit. All eyes, of course, are on the United States and on the prospect of trade tariffs, which are likely to affect Indian exporters. However, we have already seen Prime Minister Modi make the trek to Washington with a pre-emptive lowering of tariffs on US goods and a promise to boost bilateral trade, investment and security relationships.

While we may see this turbulence continue for a while, the underlying story of strong GDP growth, bolstered by the effects of Modi's infrastructure spending and the continued diversification of global manufacturing away from China, and consumer demand from a growing middle class should mean that Indian companies can grow both revenues and profitability over time. While Indian equities have looked expensive relative to other emerging markets, earnings growth should provide further impetus in the medium term. The Looking Forward section of the Investment Manager's review provides further details of our outlook for the Indian economy and its impact on the investment portfolio.

Thank you for your support for the Company. The Board is confident that the Investment Manager's strategy of investing in high quality companies with reputable management teams continues to be relevant and will provide good returns to shareholders over time.

**STRATEGIC REPORT**

**INTRODUCTORY SECTION**

**Introduction and Cautionary Statement**

This strategic report sets out the Company's long-term performance, business model, strategy, and risk management information. The report includes the following subsections:

- Investment Manager's review
- Key Performance Indicators
- Portfolio Statement
- Environmental, Social and Governance Statement
- Risk Management report

This strategic report has been prepared solely to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the company. The strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This strategic report, which incorporates the information required in the non-financial and sustainability information statement and the section 172(1) statement, has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiary undertaking when viewed as a whole.

**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 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. 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 NAV 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 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.

**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 which will take place on the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025. Whilst redemption requests at the next Redemption Facility could impact the Company's longer-term viability the Board has considered the performance of the Company to date, that over 80% of the current shareholder register comprises of individual retail investors, and that at the Second Redemption Point in 2023, almost all of the 15.7% of shares redeemed at that time were owned by institutional shareholders and that the Directors believe the

Company has substantial headroom over the aggregate NAV level at which the Company may no longer be financially viable.

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.

**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.

Details of how the Board engages with all shareholders and stakeholders and why they are important can be found under "Shareholder communication" in the Directors' report.

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**.**

**INVESTMENT MANAGER'S REVIEW**

**ECONOMY**

India's multi-decade growth trajectory was undimmed in 2024, supported by government spending, growing consumption, and burgeoning manufacturing. Economic growth has been reflected in India's vibrant and fast-growing corporate sector, which continued to expand and diversify over the year. This, in turn, has supported stock markets, which delivered another strong year of returns.

India's recent run of strength has its origins in the reforms enacted by Prime Minister Narendra Modi's first government in 2014-19. The government took a slew of tough decisions, including currency reform and tax harmonisation. This put in place the foundations for the rapid growth that India has experienced in recent years. It has helped shore up government finances, which has allowed for significant growth in capital spending, particularly on infrastructure.

The government has also sought to boost domestic manufacturing through the Production Linked Incentives (PLI) scheme, which provide tax breaks and financial support for companies who want to set up manufacturing in India. This has helped India challenge China's manufacturing dominance and brought new companies to the country in areas such as consumer electronics and mobile phones.

This has led to near-uninterrupted growth for the Indian economy over the past decade. India remains in the middle of a virtuous cycle of growth, with a potentially lengthy pathway ahead. Nominal GDP per capita for India is just 2,375, compared to 12,604 for China. Modi continues to pursue an ambitious reform agenda, incorporating infrastructure building and financial market liberalisation.

That said, there have been bumps along the way. The general election, held between April and June, did not deliver the resounding victory for Modi that had been expected. Although Modi secured a third term, his Bharatiya Janata Party (BJP) was forced into a coalition having failed to achieve the 272 seats necessary for a parliamentary majority.

The government's reliance on coalition partners, including the southern Telugu Desam Party (TDP) and the eastern Janata Dal (United) (JD (U)), is unlikely to result in substantial changes to the government's domestic political programme. The states represented by these two parties may want more in terms of capital commitments, but the programme. The states represented by these two parties may want more in terms of capital commitments, but the government's broader economic agenda should remain intact.

More troubling was the recent GDP growth figure, which showed expansion of just 5.4% year on year for the July to September period. This was notably weaker than expected and some way below the Reserve Bank of India's projection of 6.8%. It has subsequently adjusted its forecast from 7% to 6.6% in 2025.

The weakness is at least partially attributable to the election. The Electoral Commission does not allow any announcements in the run-up to an election, and government decision-making slows as the administrative machinery is re-directed towards election preparation. Capital spending slowed as a result, but is likely to return to more normal patterns in the quarter ahead.

A bigger concern has been weakening consumption. Plenty of explanations have been offered, but the causes remain opaque. Higher food inflation is likely to have played a part. More recently, rural consumption has revived, but urban consumption remains weak. It is possible that the spending mix has changed and spending data is not picking up a shift to higher end goods and services. Certainly, demand for premium products remains strong. Ultimately, we believe the caution is likely to be short-lived. Consumers still have the capacity to spend, with savings levels robust.

It is important not to over-state this recent slowdown. India's growth path is not about to be derailed - it is simply a question of degree. The government's balance sheet remains healthy, with the fiscal deficit declining and significant Foreign Exchange reserves. This gives it the firepower to support the economy and sustain spending on infrastructure development. The currency has been stable despite a volatile global environment, while tax revenues have held up. It has been another strong year for the Indian economy.

**Growth themes in India**

**Domestic capex -** India is in the midst of an infrastructure revolution. In the recent budget, the government allocated US 133.86 billion to infrastructure spending, equivalent to 3.4 % of GDP. This spending is multi-faceted and includes airports, roads and railways, alongside digital infrastructure. The country is adding another 15 airports by 2028. Over 20 cities are building metro systems. There are also significant plans for renewable energy, with an expansion of electricity capacity across transmission and distribution networks.

**Digitalisation -** India has been a poster child for digital transformation. Its digital identification scheme, Aadhaar, assigns a 12-digit biometric number to each citizen, has helped improve access to public services and financial inclusion. India's internet penetration is now 52.4%, up from 14% in 2014. Its 700m active internet user base is the second largest cohort in the world.

**Consumption -** As India becomes wealthier, consumption continues to boom. Household spending has doubled in a decade and India may account for 16% of worldwide consumption by 2050. This would rival the US's 17% share. The country's demographic dividend, with 65% of its population below the age of 35 is likely to be an important factor. This strength may be accelerated by a robust real estate sector. 2024 saw the highest ever real estate sales and the peak may still be two or three years ahead. This is likely to have a wealth effect and sustain consumption levels.

**China plus one -** There have been a range of beneficiaries from the global trend to move and diversify supply chains away from China, but India is one of the few countries with the size and scale to capitalise in full. The government has put Production Linked Incentives (PLIs) in place to encourage international companies to manufacture in India across sectors such as pharmaceuticals, IT hardware, solar PV modules, drones and food processing, plus semiconductors and batteries. This is already bearing fruit in areas such as electronics. From a net importer, India has emerged as a net exporter of mobile handsets, for example. Smartphones are now the fourth largest export from India.

**STOCK MARKETS**

The strength of the economy has translated into strength for the corporate sector. Aggregate earnings growth for the India corporate sector has exceeded 20% per annum for the last four years. This has supported a buoyant period for Indian stock markets. The MSCI India index rose 15.7% over the year, having delivered an annualised return of 17.3% over the past five years. That puts it significantly ahead of the MSCI World of 11.7% over the same period.

In 2024, the small and mid cap sectors outpaced the broader market. This was justified by strong earnings growth among this part of the market and saw the MSCI India Small Cap index rise 23.2% over the year. There was particular strength among consumer discretionary, digital and real estate companies, with healthcare and industrial companies also delivering strong returns. The notable weak spots were in consumer staples, the cement companies, and some of the regional banks.

**PERFORMANCE**

India Capital Growth Fund is a mid and small cap Indian equities fund. We are long-term investors, and hold most of our investments for at least three to five years. Our portfolio turnover is low and we are quality focused. The Fund typically has a concentrated portfolio of around 30-35 stocks. Nevertheless, we have responded to higher valuation in our part of the market broadening the portfolio and held 36 stocks at the end of the year.

The Fund did well in absolute terms for its financial year, delivering a GBP NAV return of 16.0%. However, this was behind its benchmark, the BSE Midcap Total Return Index (GBP), which rose 25.6%. This relative weakness has had two main causes: the first was strong performance from companies that we didn't hold. The quality and valuation focus of the Fund steers us away from expensive or speculative businesses, and also from some public-sector focused companies, where shareholder interests may not be fully aligned with those of the Company's other stakeholders.

In 2024, a number of those public sector companies performed very well, and we missed out on those gains. Many of these were in the energy and utilities sector where we had no exposure. Constant interference from the government through imposition of duties or fixing pricing makes it difficult to take a long-term investment decision on companies in these sectors. We also did not hold any company in the real estate sector, which also performed well over the year, denting our relative returns. This was because we found the valuations expensive, especially since accounting standards do not reflect a true picture of the profit and loss account and one needs to rely on management estimates on cash flows and sales. There were also a number of industrial companies that performed well, but they were single sector focused and expensive, and therefore we did not hold them in the portfolio. Staying away from these areas hit relative performance hard, particularly in the first half of the year. This started to correct in the second half of the year and we remain convinced with an approach that excludes areas where we do not have conviction on management quality or financial metrics, in accordance with our ESG focus.

Banks were the primary detractors over the year, contributing to a 6.77% loss in the portfolio. This was distributed across holdings in **RBL Bank, IndusInd Bank,** and **IDFC FIRST Bank**. The Banking sector experienced underperformance due to tight liquidity and rising cost of liabilities, which adversely impacted net interest margins, Some of our bank holdings were particularly affected due to their higher lending exposure to microfinance and unsecured lending, leading to pockets of stress.

The banks are well capitalized and have adequately provisioned for this economic environment. We believe the banking sector is best positioned to capitalize on the India growth story. Asset quality is strong, return ratios are improving and valuations are compelling. Additionally, **Uniparts**, an auto ancillary company, contributed to the losses with a 38% decline in 2024, driven by weaker demand in its core markets of the US and Europe.

The primary sectors contributing to positive performance over the year included our 13.3% allocation in Consumer Discretionary, 9.1% in Industrials, 6.1% in Healthcare, and 3% in Financial Services, which includes companies related to capital markets like stock exchanges, asset management companies etc. Stock selection was the key driver of performance across all these sectors, further supported by our lack of holdings in the Media sector, which had a benchmark weighting of 0.7%.

Our top-performing stock, **Dixon Technology**, achieved a gain of 170%. Furthermore, our off-benchmark positions proved particularly profitable. **Skipper**, a manufacturer of transmission and telecom towers, delivered a return of 167%, while **Neuland Laboratories**, a provider of Active Pharmaceutical Ingredients (API) and custom research and manufacturing solutions to pharmaceutical companies, achieved a return of 156%. Additionally, **Multi Commodity Exchange of India Ltd**. saw an increase of 93%, and our recent purchase of **Cartrade Tech Ltd** resulted in a 104% gain, driven by increased advertising revenues from its platform, by automobile manufacturers and dealers.

**THEMES REFLECTED IN PORTFOLIO HOLDINGS**

**Digitalisation - Affle India Ltd**

Digitalisation is in full flow in India. EY says the country's "deep penetration of telecom and internet, combined with government's focus to develop digital infrastructure, have laid the foundation for a digital economy." It believes the Digital India Stack is now the global benchmark for most countries and provides a competitive advantage for growing businesses.

The government launched Digital India in 2015, recognising that the country's large and disparate population - with over 60% living in rural areas - makes digitalisation particularly important. Since then, internet penetration has more than tripled. The adoption of advanced technologies has helped Indian businesses to become globally competitive and efficient. These technologies include AI, blockchain and cloud computing.

Digital advertising group Affle has been a direct beneficiary, with spending on digital advertising increasing. It has built a powerful intelligence based system, and become the leader in targeted advertising. The group only gets paid if someone completes an action in response to the advertisement - clicks a button, or buys a product for example. It has mastered the art of consumer engagement, which has seen the group grow very quickly and become highly profitable.

The group's consumer platform delivers personalised consumer recommendations and then drives conversion through relevant mobile ads. The model gets more powerful as more and more data flows through it, meaning conversion rates improve all the time. The group's user base is strong, with a focus on certain key sectors, including entertainment, food delivery and gaming.

At the moment, Affle derives around three-quarters of its revenues from emerging markets, but it is expanding its reach into developed markets. To speed this process, the company acquired Jampp and YouAppi in 2021 and 2023 respectively, which have now been fully integrated. Revenues from developed markets have grown by more than 30% in the last six months. The group is also focusing on increasing premium content and incorporating generative AI in its offerings, which will drive further efficiency, leading to higher margins.

**"Make in India" - Dixon Technologies**

The Indian government's PLI scheme is aimed at revitalising domestic manufacturing and mopping up international companies keen to diversify their supply chains away from China. Unlike past incentive schemes, which spread resources thinly across multiple companies, the PLI scheme focuses on identifying and supporting a smaller group of high-potential firms, fostering champions that can achieve scale and efficiency.

Initially styled as the "Make in India" initiative, the PLI scheme targets 14 sectors considered to be important sectors for the future of India's growth. These include electronics, pharmaceuticals, automotive components, and renewable energy. Companies are incentivised based on incremental production, and payouts may be as high as 6% of revenue over a five-to-seven-year period. Qualifying companies may be domestic or international.

Dixon Technologies has been one of the key beneficiaries of the scheme. It is India's largest Electronics Manufacturing Services (EMS) provider, based in Noida. It makes a range of consumer goods, such as televisions, washing machines, LED bulbs and CCTV security systems for large global companies including Samsung, Panasonic and Philips.

One of its most exciting areas of growth is in mobile manufacturing. It has harnessed the PLI scheme focused on mobile manufacturing and become the market leader. It manufactures for almost all the Android based mobile phone group, and it also has four out of five of the top IT hardware companies as its clients under the respective PLI schemes.

This has seen it grow rapidly. In its recent results presentation, the CFO suggested the Company could deliver a 50% CAGR in the next financial year, saying they could make almost 30 million Smart Phones. It has also announced plans to expand into the semiconductor manufacturing markets. It has also recently announced a joint venture with HKC (China) for glass & display manufacturing for use in mobile phones and IT hardware. The Company now has 17 manufacturing units in India with over 15,000 employees. Its share price growth has been strong - up 163% over the past year. We have taken some profits, but it is still a holding in the Company.

**Infrastructure - Skipper**

An important part of India's infrastructure revolution has been the growth in renewable energy. India's installed non-fossil fuel capacity has increased 396% in the last 8.5 years and the Government has ambitions to go further and faster, targeting 500 GW of non-fossil fuel-based energy by 2030. Indian electricity demand is expected to grow by over 6% in 2025.

The rapid growth of renewable energy sources, particularly solar PV and wind, requires significant grid expansion and modernisation to integrate these variable resources effectively. The Government is increasingly focused on upgrading ageing infrastructure, implementing smart grid technologies and digitalising grid operations to improve efficiency, reliability and flexibility.

Skipper is among the largest manufacturers of power transmission towers in the world and is a key beneficiary of this long-term trend. Skipper also has the advantage of being the only company with backward integration of rolling mills, tower pole fasteners' production and EPC capabilities.

The domestic Indian market remains the most exciting area. There is a significant pipeline building up locally, and demand is high. The company has full order books for the next three years and considerable pricing power. However, the company is also gaining market share internationally, particularly in the US and Australia. Around half of Skipper's power transmission segment order book now comes from exports and the company has been a beneficiary of the trend to diversify supply chains out of China.

**Consumer - Emami**

Consumer spending has always been at the heart of the India Capital Growth fund. As an economy grows and incomes increase, much of that wealth will find its way into the consumer economy. India not only has growth on its side, but a significant demographic dividend, with a median age of just 28. Household incomes have increased rapidly - from 1,400 in 2013, to 2,300 in 2024. Household spending has doubled in a decade.

A range of consumer groups are benefiting from this trend. One of our longer-term holdings is Emami, a leading Fast Moving Consumer Goods (FMCG) player in India with a presence in the health, beauty, and personal care space. It has established strong barriers to entry by creating niche product categories and dominating them.

For example, it has a strong presence in ayurvedic products. Ayurveda is a holistic system of medicine that began in India more than 3,000 years ago, focusing on natural ingredients. Emami makes a range of beauty products, with brands such as Kesh King, and Fair and Handsome.

More recently, Emami has taken several measures to accelerate growth. It has strengthened its core management team, expanded its distribution reach and made strategic investments in direct-to-consumer brands, including 'The Man Company' from its acquisition of Helios Lifestyle in September last year. It has also launched a range of new products in the fast-growing health and wellness segment.

The company is the market leader in its field, generating high gross margins and operating margins. It used a period of weakness during Covid to build out a strong digital platform, which allows it to engage directly with its consumer base. It has worked hard to maintain its efficiency and high returns on capital. Emami's shares have had a difficult run since August 2024, but we continue to hold them.

**LOOKING FORWARD**

India is likely to remain one of the fastest growing economies in the world over the next decade. GDP growth forecasts range from 6-7% p.a., stretching out over a decade. The government has a clear roadmap for continued growth, and with GDP per capita still low relative to global peers, there is a lengthy runway for expansion.

This creates a benign backdrop for continued earnings growth in corporate India. There are a range of companies in India with large addressable markets and long-term pipelines for growth, across sectors as diverse as technology, renewable energy, consumer spending and manufacturing.

The stock market also has structural factors in its favour. It has a large, captive domestic investor base, with Indians swapping their preference for physical assets such as real estate and gold, for financial assets and the stock market in particular. The widespread use of Systematic Investment Plans has directed capital into mutual funds. Under these plans, people might invest 25-35 a month. In just five years, flows into Indian equities from this source have increased from 1bn to 2.5bn per month. These flows have proved more stable than foreign flows and have lowered volatility. It also means the Indian market is less connected to the ebb and flow of international risk sentiment.

India has become a vibrant and diverse market. A buoyant IPO market has given investors in India a rich opportunity set. Recent IPOs have included car companies, Fintech groups, and digital technology leaders.
Equally, there are some elements that could create volatility in the year ahead. Donald Trump continues to prove an unpredictable force and his tariff regime could hurt Indian exporters. That said, India tends to enjoy good relations with the US and could be a beneficiary of any trade war with China.

However, while this may influence whether GDP growth is 6% or 7% p.a., it is not a threat to the long-term sustainability of India's growth, where there is plenty of visibility. These have been three very strong years in Indian financial markets. This might suggest a year of consolidation. However, the growth story for India remains undiminished. Any pullback in the market represents an opportunity to participate in India's astonishing long-term growth story.

**KEY PERFORMANCE INDICATORS (KPIs)**

**Total return performance**

| | 1 Year % | 3 Year % | 5 Year % | Since 31 Dec | |
|---|---|---|---|---|---|

| | 1 Year % | 3 Year % | 5 Year % | Since 31 Dec 2011* % | |
|---|---|---|---|---|---|
| NAV per Share | 16.0 | 55.1 | 136.2 | 513.4 | NAV per share is used to measure the performance of the Manager, after accounting for Indian CGT provisions and INR/GBP FX rates. |
| Notional Benchmark: BSE Midcap Total Return Index | 25.6 | 79.5 | 185.5 | 710.2 | The notional benchmark is used as an indicator of market performance of mid-cap companies listed in India. |
| Share Price | 11.3 | 60.8 | 171.1 | 470.4 | This is used to measure the total return to shareholders. |

*Source: Ocean Dial Asset Management Limited*

**Foreign exchange rates: Indian Rupee vs Great British Pound**

| | 2024 | 2023 | 2022 | |
|---|---|---|---|---|
| INR vs GBP FX rate | 107.5 | 106.1 | 99.7 | This is the rate at which the Company converts its INR Indian net assets into GBP in calculating the NAV. It is an indicator of the impact on the NAV resulting from the INR/GBP foreign exchange rate. |
| Average INR vs GBP FX rate during the year | 107.1 | 103.0 | 97.1 | |

*Source: Ocean Dial Asset Management Limited*

**Share price premium/(discount) to NAV per share as at 31 December**

| | 2024 % | 2023 % | 2022 % | |
|---|---|---|---|---|
| Premium/(discount) | (7.9) | (3.9) | (7.9) | This is the difference between the share price and the NAV per share. It is an indicator of demand for the Company's shares. |
| Average premium/(discount) to NAV during the year | (7.7) | (7.5) | (12.9) | |

*Source: Ocean Dial Asset Management Limited*

**Ongoing charges as at 31 December**

| | 2024 % | 2023 % | 2022 % | |
|---|---|---|---|---|
| Ongoing charges | 1.58 | 1.57 | 1.59 | This shows the cost of running the Company. It measures the ongoing operating costs as a percentage of average net assets for the year. |

*Source: Ocean Dial Asset Management Limited*

| Redemption Facility Date | No of shares | Value £'000 | |
|---|---|---|---|
| December 2021 | 15,608,872 | 19,708 | The Company operates a shareholder approved Redemption Facility whereby shareholders can redeem their shares every two years based upon a minimum discount to NAV |
| December 2023 | 15,159,876 | 26,197 | |

**Shareholder Capital Returns**

*Source: Ocean Dial Asset Management Limited*

**PORTFOLIO STATEMENT**

As at 31 December 2024

| HOLDING | Market cap size | Nominal | Value £000 | % of company NAV |
|---|---|---|---|---|
| **LISTED SECURITIES** | | | | |
| **Auto & Auto Ancillary** | | | | |
| Balkrishna Industries | M | 148,000 | 4,008 | 2.1% |
| Ramkrishna Forgings | S | 844,794 | 7,027 | 3.7% |
| Sona BLW Precision Forgings | M | 972,714 | 5,384 | 2.8% |
| Uniparts India | S | 562,237 | 2,167 | 1.1% |
| | | | 18,586 | 9.7% |
| **Cement** | | | | |
| JK Lakshmi Cement | S | 623,000 | 4,847 | 2.6% |
| Sagar Cements | S | 1,611,000 | 3,342 | 1.8% |
| | | | 8,189 | 4.4% |

| | | | | |
|---|---|---|---|---|
| **Chemicals** | | | | |
| Aether Industries | S | 417,124 | 3,443 | 1.8% |
| PI Industries | M | 165,000 | 5,659 | 3.0% |
| | | | 9,102 | 4.8% |
| **Consumer Discretionary** | | | | |
| Bajaj Electricals | S | 348,734 | 2,491 | 1.3% |
| Dixon Technologies | L | 58,600 | 9,781 | 5.1% |
| Kajaria Ceramics | M | 347,698 | 3,750 | 2.0% |
| Vedant Fashions | M | 241,638 | 2,900 | 1.5% |
| VIP Industries | S | 1,138,853 | 5,088 | 2.7% |
| | | | 24,010 | 12.6% |
| **Consumer Staples** | | | | |
| CCL Products India | S | 727,883 | 5,027 | 2.6% |
| Emami | M | 1,194,764 | 6,679 | 3.5% |
| Essel Propack | S | 1,310,099 | 3,164 | 1.7% |
| Jyothy Laboratories | S | 742,000 | 2,742 | 1.5% |
| | | | 17,612 | 9.3% |
| **Digital** | | | | |
| Affle India | M | 390,000 | 6,472 | 3.4% |
| Cartrade Technologies | S | 268,671 | 3,714 | 1.9% |
| | | | 10,186 | 5.3% |
| **Financial Banks** | | | | |
| City Union Bank | S | 2,845,000 | 4,562 | 2.4% |
| IDFC Bank | M | 9,167,000 | 5,386 | 2.8% |
| Indusind Bank | L | 416,000 | 3,717 | 1.9% |
| RBL Bank | S | 3,300,000 | 4,852 | 2.5% |
| Federal Bank | M | 5,662,000 | 10,538 | 5.5% |
| | | | 29,055 | 15.1% |
| **Financial NBFC** | | | | |
| Cholamandalam Investment and Finance Company | L | 175,000 | 1,931 | 1.0% |
| | | | 1,931 | 1.0% |
| **Financial Services** | | | | |
| Multi Commodity Exchange | M | 128,000 | 7,425 | 3.9% |
| Persistent Systems | L | 139,536 | 8,385 | 4.4% |
| | | | 15,810 | 8.3% |
| **Healthcare** | | | | |
| GPT Healthcare | S | 2,200,000 | 3,765 | 2.0% |
| Neuland Laboratories | M | 71,175 | 9,089 | 4.8% |
| | | | 12,854 | 6.8% |
| **Industrials** | | | | |
| Container Corporation of India | M | 370,000 | 2,713 | 1.4% |
| Elecon Engineering | S | 460,000 | 2,716 | 1.4% |
| PSP Projects | S | 703,574 | 4,250 | 2.2% |
| Skipper | S | 2,087,013 | 10,545 | 5.5% |
| Triveni Turbine | M | 576,113 | 3,974 | 2.1% |
| | | | 24,198 | 12.6% |
| **Textiles** | | | | |
| Gokaldas Exports | S | 465,826 | 4,908 | 2.6% |
| Welspun India | S | 3,050,000 | 4,450 | 2.3% |
| | | | 9,358 | 4.9% |
| **Total equity investments (including those held by ICG Q Limited)** | | | **180,891** | **94.8%** |
| Cash less other net current liabilities | | | 9,836 | 5.2% |

| | | |
|---|---|---|
| **Total Net Assets (before deferred taxation for Indian CGT)** | **190,727** | **100.0%** |
| Deferred tax provision for Indian CGT | (11,370) | |
| **Total Net Assets (after deferred tax provision for India CGT)** | **179,357** | |

| | |
|---|---|
| Notes: | |
| L: Large cap - companies with a market capitalisation above US 8bn | 12.4% |
| M: Mid cap - companies with a market capitalisation between US 2bn and US 8bn | 38.8% |
| S: Small cap - companies with a market capitalisation below US 2bn | 43.6% |
| | 94.8% |

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

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT**

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 this regard the Board attended a presentation by the Investment Manager on the implementation of its ESG policy and how it has developed a bespoke ESG scoring model to monitor and report upon ESG factors of the investment portfolio. The Board is informed of the progress of this reporting at least annually when it prepares the ESG Report for the Annual Report. The Board also visits India with the Investment Manager during which they attend meetings with investee companies to hear first-hand on how these companies are implementing ESG factors into their business processes and reporting in India.

The Company reports in line with the Listing Rules and is a Guernsey structure and therefore is not required to comply with the Task Force on Climate-related Financial Disclosures (TCFD). However, the Board is mindful of TCFD disclosure guidance and in particular the core content of Governance, Strategy, Risk Management and Metrics & Targets when reporting on ESG matters. The Company entity itself is an investment company with no employees so has limited climate related risk, nonetheless the Board is mindful of the climate related impact of air travel to Board Meetings and therefore only travels in accordance with required regulations.

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").

The Board believes 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**

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 incorporated into the Investment Manager's evaluation of an issuer's investment risk or return, across all the Company's investments.

The Investment Manager has made ESG matters an integral part of its due diligence process over the last three years. The Board and the Investment Manager believe 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 values non-financial factors, such as environmental and social issues, when evaluating a company for investment. These factors include gender diversity, environmental impact, carbon footprint, workplace health and community engagement. If the sustainability risks exceed the risk appetite of the Company, the health and community engagement. If the sustainability risks exceed the risk appetite of the Company, the Investment Manager may sell or reduce exposure to protect shareholders' interests.

**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 publicly 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

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 both a cement and a consumer goods 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.

**ESG Scoring Model**

The Investment Manager's overall ESG score for the portfolio in FY 2024 is 5.4 out of 9, an improvement on both FY 2023 (5.1) and FY 2022 (4.7) 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 FY 2024 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 also obtain incremental data which is not publicly disclosed. Below is a summary of the ESG scoring for FY 2024.

**Engagement**

To gain a comprehensive understanding of the ESG and sustainability practices of portfolio companies, the Investment Manager prioritises constructive dialogue with management. The investment advisers in India regularly engage with both current and potential portfolio companies, conducting onsite visits to manufacturing facilities and corporate headquarters to gather insights and build a clear picture. Additionally, they strive to meet employees beyond the senior management team to ensure that the ESG, and sustainability values promoted by senior management are reflected throughout the organisation.

The Investment Manager has noted over the past two years that there has been a substantial improvement in ESG practices and disclosure standards being followed by Indian companies. There is a recognition within corporates that poor disclosure and practices on ESG could be a significant business risk, while good ESG practices act as a competitive advantage and lead to improved market valuations. This is reflected in improved level of disclosures in corporate presentations on ESG goals and progress made.

The regulatory environment is also getting tighter. SEBI has introduced the Business Responsibility and Sustainability Reporting (BRSR) regulation which is a comprehensive disclosure framework that helps companies disclose their ESG-related information in India. BRSR came into effect in 2021 and since FY 2023, it is mandatory for the top 1,000 listed entities in India to report under this framework. This is enabling a better relative comparison within companies in a sector and has resulted in engagement meeting presentations from both investee companies and potential portfolio holdings giving substantial coverage to ESG matters such that direct engagement to drive ESG reporting improvements has, in general, not been necessary in FY 2024. The Investment manager believes the quality of data being reported is improving each year which is reflected in the improved ESG scoring of the portfolio referred to above.

**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.

An example is VIP Industries - we voted against four resolutions at their AGM in July 2024. All pertained to remuneration of Senior Management and Directors. We opposed the resolution which sought to compensate them despite poor operating performance. The special resolution was sought due to poor profits and the remuneration sought violated the limits prescribed in the Companies Act. Hence a special resolution, which we voted against.

**Modern Slavery Statement**

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

**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 PRI.

**Risk Summary**

ESG governance and related risk management is a key focus of the Board. Significant steps have been taken by the Investment Manager on behalf of the Company to develop a bespoke ESG scoring model which monitors investee companies' ESG risk management and the reporting thereof. This applies to existing portfolio companies and is also taken into account before investing in prospective investee companies. Noticeable improvements have been made in this regard since the Investment Manager began developing its bespoke ESG scoring model over three years ago. The Company has no specific targets for the portfolio scores on ESG factors, but is focused on the journey and how Indian companies and their management are improving their scores. Additionally, it is notable how the regulators in India have focused on improving ESG risk management and reporting of listed companies in India over the last two years. The Board expects these improvements to continue in the future.

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 the Principal Risks section.

## RISK MANAGEMENT

### Risk management and internal control

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

The Board also considers the process for identifying, evaluating and managing any significant risks faced by the Company. At each quarterly meeting of the Board a report on the risk assessment and control environment 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 River Global PLC in 2023, all of the Directors separately visited the offices of River Global PLC 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 visited the Manager in October 2024 to receive an update on the risk analytics systems provided by River Global PLC. The Board was impressed with the value this system adds in support of the existing investment process and resources. 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 & Risk Committee Chair reviewed the most recent type 2 ISAE 3402 report and Bridge letter on the Administrator's control environment for the period ended 31 December 2024 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. There were no breaches during the year.

### 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 broad categories, summarised in the table below.

| Principal Risks | Mitigation |
|---|---|
| **Investment performance and financial risk:**<br>Significant market, foreign currency, credit and liquidity risks faced by the Company are set out in note 10 to the financial statements.<br>The Company could be severely affected by a change in market conditions leading to a fall in share price and potentially a widening of the discount to NAV.<br>The likelihood of the Company being impacted by this risk is judged to be high. | These risks and their mitigation controls are reviewed at each quarterly Board meeting.<br>Investment is governed by the Investment Policy which ensures a diverse portfolio is maintained.<br>The portfolio is actively managed by an experienced Investment Team and is regularly reviewed using tools established by the regulated Investment Manager.<br>The Board reviews and questions the Investment Manager's report at each quarterly Board Meeting.<br>The estimated NAV is released each day and a monthly NAV published at month end.<br>Investment performance is monitored against other companies and reports received from the Company's broker.<br>Cash balances are reviewed on a regular basis to ensure adherence to the limits agreed by the Board.<br>**The residual risk following the risk mitigation is deemed to be medium.**<br>**(Risk - No change)** |

| | |
|---|---|
| **Redemption Facility and associated risk:**<br>The third Redemption Facility where shareholders will be able to request the redemption of some or all of the shares will be the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025. There is therefore a possibility that redemptions requests may impair the future long-term viability of the Company.<br>The pre-mitigation likelihood of the Company being impacted by this risk is judged to be high. | Based upon the investment performance of the Company to date, the diversity of the shareholder base and that shares have previously been issued from treasury at a premium to NAV to satisfy increased demand, the Board believes shareholder redemptions at the next scheduled Redemption Facility on the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025, are likely to be at such a level not to impact the going concern of the Company.<br>**The residual risk following the risk mitigation is deemed to be medium.**<br>**(Risk - No change)** |
| **Emerging risks:**<br>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, Israel/Palestine conflict and the introduction of Trade Tariffs can disrupt global supply chains and the Indian economy and listed companies.<br>The pre-mitigation likelihood of the Company being impacted by this risk is judged to be high. | 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.<br>**The residual risk following the risk mitigation is deemed to be medium.**<br>**(Risk - Increase)** |
| **Cybersecurity, data security breach and related criminal activity risk:**<br>The Company is exposed to the risk of criminal attacks on its data and systems held and managed by its service providers.<br>The pre-mitigation likelihood of the Company being impacted by this risk is judged to be high. | Cybersecurity controls at all service providers are reviewed on a regular basis.<br>Controls at the administrator are subject to an annual controls audit which is reviewed by the Audit & Risk Committee and any anomalies or breaches followed up.<br>**The residual risk following the risk mitigation is deemed to be medium.**<br>**(Risk - No change)** |
| **Operations and systems risk:**<br>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.<br>The likelihood of the Company being impacted by this risk is judged to be medium. | The Investment Manager and Administrator are both regulated entities.<br>The Board receives quarterly compliance reports which are reviewed and challenged where necessary.<br>Any breaches are addressed as soon as they are highlighted to the Board and appropriate action taken to rectify.<br>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.<br>**The residual risk following the risk mitigation is deemed to be low.**<br>**(Risk - No change)** |
| **Environmental and Social ("E&S") impact risk:**<br>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.<br>The likelihood of the Company being impacted by this risk is judged to be medium. | The Investment Manager has an advisory team on the ground in India who keep abreast of the latest political developments and economic forecasts and regularly advise the Board thereof.<br>The Board considers the reports from the Investment Manager and determines whether the Company is detrimentally affected. Further details are included in the Company's report on Sustainability and ESG.<br>**The residual risk following the risk mitigation is deemed to be low.**<br>**(Risk - No change)** |
| **Accounting, legal and regulatory risk:**<br>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.<br>The likelihood of the Company being impacted by this risk is judged to be medium. | The Investment Manager and Administrator are both regulated entities.<br>The Board receives quarterly compliance reports which are reviewed and challenged where necessary.<br>The Investment Manager and Administrator provide the Board with regular reports on changes in regulations and accounting requirements. Legal advice is taken where appropriate.<br>Any breaches are addressed as soon as they are highlighted to the Board and appropriate action taken to rectify.<br>**The residual risk following the risk mitigation is deemed to be low.**<br>**(Risk - No change)** |

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.

Multi-jurisdictional taxation risk is no longer considered a principal risk.

**Risk appetite**

The Board recognises that prudent risk-taking is essential to achieving the Company's strategic objectives and maximising shareholder value. They embrace a moderate risk appetite, seeking opportunities for growth while prioritising 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.

## DIRECTORS' INFORMATION

The Directors as at 31 December 2024, 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 40 years' experience in the asset management industry, having started her career in Edinburgh in the 1980s, then moving to Hong Kong in 1992 where she remained until 2008, latterly in the role of Managing Director and Country Head of Schroder Investment Management (Hong Kong) Limited. She is a Non-Executive Director of Allianz Technology Trust PLC and BlackRock World Mining Trust plc, and Chair of JPMorgan Global Emerging Markets Income Trust plc and a former Chair of the Association of Investment Companies (AIC). 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 CT UK Capital and Income Investment Trust plc. In February 2025 he was appointed as a Non-Executive Director of VH Global Energy Infrastructure plc. He is resident in the UK.

**Lynne Duquemin**
Lynne was appointed to the board in May 2021. She has over thirty-five 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. Since 2020 she has led the investment arm of a Single Family Office in Guernsey, as their Chief Investment Officer. Prior to which she worked for twelve years as an Investment Consultant for an Independent Investment Consultancy. 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 UK member of the CFA, 953214, as well as a Chartered Director and Fellow of the Institute of Directors. Lynne is a Director of several private companies, including a global operating company and has prior experience as a Non-Executive Director of a listed Frontier Equities Investment Company. She is based in Guernsey, Channel Islands.

**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. He is resident in the UK.

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

| | Company Name | Stock Exchange |
|---|---|---|
| **Elisabeth Scott** | Allianz Technology Trust PLC | London |
| | BlackRock World Mining Trust plc | London |
| | JP Morgan Global Emerging Markets Income Trust plc | London |
| **Patrick Firth** | CT UK Capital and Income Investment Trust plc | London |
| | VH Global Energy Infrastructure plc | London |

| | | |
|---|---|---|
| | VH Global Energy Infrastructure plc | London |
| **Lynne Duquemin** | - | - |
| **Nick Timberlake** | abrdn Equity Income Trust plc<br>CT Automotive plc | London<br>London |

**DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2024 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 2024, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited (ICG Q). 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, ICG Q, 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 ICG Q to the Company and has committed that all future purchases for the investment portfolio will be made by the Company directly, unless it is in shareholders' interests to do otherwise.

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 8. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

**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.

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 ICG Q 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 ICG Q 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 2024.

**Results and dividends**

The Company's performance during the year is discussed in the Investment Manager's review.

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

| | **No. of Shares** | **% Holding*** |
|---|---:|---:|
| Hargreaves Lansdown | 16,628,220 | 19.46% |
| Interactive Investor | 14,841,756 | 17.37% |
| AJ Bell | 5,398,366 | 6.32% |
| West Yorkshire Pension Fund | 4,677,028 | 5.47% |
| JM Finn | 3,949,892 | 4.62% |
| Charles Stanley | 2,847,957 | 3.33% |

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 2024 (2023: £nil).

**Substantial interests**

Shareholders who held an interest of 3% or more of the Ordinary Share Capital of the Company at 28 February 2025, being the latest date such data is available, are stated in the table below:

*Note - % Holding is the percentage of voting rights and issued share capital.

All substantial interests disclosed are held in nominee accounts, and in the opinion of the Directors, the Company has no ultimate controlling party.

**Directors**

Elisabeth Scott, Patrick Firth, Lynne Duquemin and Nick Timberlake served throughout the year and to date.

**Share repurchases by the Company**

Further to the shareholders' resolutions of 26 June 2024 and 27 June 2023, the Company purchased 1,613,512 ordinary shares in 2024 with a nominal value of £16,135, and representing 1.88 per cent of the Company's called up ordinary share capital, for a consideration of £2,840,588. These figures do not include the Share redemption which occurred on 16 January 2024. The reason for the purchase was to reduce surplus cash balances and enhance earnings per share.

At the end of the year, the directors had authority, under the shareholders' resolutions of 26 June 2024 and 27 June 2023, to purchase through the market 14.99 per cent of the Company's ordinary shares. This authority expires on the date of the 2025 AGM.

**Directors' interests**

At 31 December 2024, Directors and their immediate families held the following declarable interests in the Company:

| | **Ordinary shares** | |
|---|---:|---:|
| | **2024** | 2023 |

| | | |
|---|---|---|
| Elisabeth Scott | 50,000 | 50,000 |
| Patrick Firth | 25,000 | 25,000 |
| Lynne Duquemin | 19,125 | 19,125 |
| Nick Timberlake | 50,000 | 50,000 |

**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' Statement of Disclosure of Information to the Auditor**

All of the Directors who were members of the Board at the date of approval of the Annual Report confirm that to the best of their knowledge and belief, there is no information relevant to the preparation of the Annual Report which the Auditor of the Company is unaware of, and they have taken all steps a Director might reasonably be expected to take to be aware of relevant audit information and to establish that the Auditor of the Company is aware of that information.

**Ongoing charges**

In accordance with the recommended methodology set out by the Association of Investment Companies (AIC), the ongoing charges of the Company and its subsidiary for the year ended 31 December 2024 were 1.58% based on an average AUM of £168,646,935 (2023: 1.57% based on an average AUM of £148,384,000).

**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 Board Meetings | Attended | Number 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 was one Management Engagement Committee meeting during the year, which all Directors attended. There were also 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 by means of detailed questionnaires and discussion, taking into account the effectiveness of their contributions and their commitment to the role. The Directors have all confirmed that they have sufficient time to discharge their duties. 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 2024 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.

the performance in the future.

**Board Committees**

The Company does not have a Nomination or Remuneration Committee as explained in the Corporate Governance Report which also includes details of the Management Engagement Committee and Audit & Risk Committee.

**Sustainability and environmental, social and governance ("ESG")**

The Company's report on Sustainability and ESG is provided earlier above.

**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.

**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. There have been no changes to the Board this year.

| | 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) |

| | Number of Board Members | Percentage of the Board | Number of senior positions on the board (SID and 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.

**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**

**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 River Global PLC and its subsidiary River Global Holdings Limited.
- 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 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 4th December 2024, 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. From March 2024, the method of calculation for these fees has been updated. Investment management fees receivable from ICG Q are calculated based on the NAV of ICG Q. Investment management fees payable to Ocean Dial Asset Management Limited are based on the assets of ICGF. The overall burden of investment management fees to ICGF remains unchanged at 1.25% of the lower of the company's market capitalisation or NAV calculated on a daily basis and payable monthly. 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

- 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 ICG Q, 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.

**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 NAV with a commentary on performance. The Investment Manager also reports via the Regulatory News Service (RNS) an estimated, unaudited daily NAV. 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. Throughout 2024, Gaurav and the investor relations team from Ocean Dial/River Global PLC have visited a wide range of professional and retail investors across the UK to update investors on the Indian economy, general election results, and the performance of the investment portfolio.

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 NAV 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 2024, the Company had bought back a total of 1,613,512 (2023: 762,645) shares in the market.

**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 (77.8% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio; the overall size of the Company and its impact on the Ongoing Charges of the Company (the NAV 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 £26.2m in accordance with the announced redemption price on 8 January 2024. During 2024, to satisfy demand in the market, the Company issued over 5.8m shares from Treasury at a premium to NAV raising over £10.7m in new capital, and bought back 1.6m shares at a significant discount to NAV. Further buybacks were made subsequent to the year end. As at 28 February 2025 the Company's NAV was £144.8m.

The next date at which shareholders will be able to request the redemption of some or all of the shares is scheduled to take place on the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025, for shareholders on the register at 29 August 2025. Based upon the performance of the Company to date, the results of the previous two redemptions, and the increase of the proportion retail shareholders seeking long term value growth on the share register since the last Redemption Facility on 31 December 2023, the Board believes shareholder redemptions at the forthcoming Redemption Facility on 31 December 2025 are likely to be at such a level not to impact the going concern of the Company.

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.

Approved by the Board of Directors and signed on behalf of the Board on 26 March 2025.

**Lynne Duquemin** **Patrick Firth**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in conformity with IFRS Accounting Standards, as adopted by the United Kingdom ("UK") and applicable law.

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

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company

will continue in business.

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

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 2024, the Company complied with the recommendations and provisions of the AIC Code and the UK Corporate Governance Code, with the exceptions noted in the Corporate Governance report.

The Company continues to comply with the requirements of UKLR 6.2.3R.

We confirm to the best of our knowledge that:

- the 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 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**

**DIRECTORS' REMUNERATION POLICY**

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

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 undertaken.

The Directors' fees are the only remuneration for the Directors. There are no performance incentives or other forms of remuneration or bonus schemes. The Shareholders of the Company do not provide input on the Directors' remuneration, however the Company seeks the approval of Shareholders as part of the Annual Report at the AGM.

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 2024 £** | **Annual fees paid to 31 Dec 2024 £** | Annual fees paid to 31 Dec 2023 £ |
|---|---|---|---|
| Elisabeth Scott (Chair) | 42,000 | 39,375 | 38,500 |
| Patrick Firth | 34,000 | 31,750 | 31,000 |
| Lynne Duquemin | 28,000 | 26,875 | 26,500 |
| Nick Timberlake | 28,000 | 26,875 | 26,500 |

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.

**CORPORATE GOVERNANCE**

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 2024, with the below noted exceptions to the provisions of the UK Code:

- The Company has no Chief Executive Officer, as the Company does not have any employees. Details of the composition of the Board can be found in the Directors' Report (provision A.1.2. of the UK Corporate Governance Code).
- The Company has no internal audit function, there is an external audit performed annually (provision C.3.6 of the UK Corporate Governance Code).
- The Company does not have a separate Remuneration Committee (provision D.2.1 of the UK Corporate Governance Code).

**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.

**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.

**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, the culture and the composition and performance of its committees. The performance and contribution of the Chair is reviewed by the other Directors under the leadership of the Chair of the Audit & Risk Committee. Even though the performance evaluation is deemed effective, the Board may consider having an external evaluation of the performance in the future.

**Management Engagement Committee**

The Management Engagement Committee is chaired by Elisabeth Scott and formally meets on an annual basis to review service providers and ensure that these are performing satisfactorily and suited to the Company's needs.

**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.

**Shareholder voting on the resolution to Issue and allot new ordinary shares**

On 26 June 2024, at the Company's AGM, 29.77 per cent. of votes cast were against Resolution 8 which sought authority for the Company to issue and allot new ordinary shares. Consequently, at the Company's request, the Manager and Broker consulted with shareholders who voted against Resolution 8, who confirmed that they had followed the recommendation in a report from a Proxy Voting Agency and that, in future, it would be helpful for the wording to be clearer in the resolution. As a result, the Company intends to include explicit wording stating that new ordinary shares would only be issued at a premium to NAV per share in the relevant resolution at its AGM and that the Board will ensure the amount for which the relevant authority is sought does not exceed 33 per cent. of the Company's issued share capital.

**AUDIT & RISK COMMITTEE REPORT**

**Introduction**

The Audit & Risk Committee (the "Committee") report for 2024 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 is responsible for recent and relevant financial experience. The Chair of the Committee is a qualified accountant and is responsible for ensuring that the Committee carries out its Principal Duties. All members of the Committee 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 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 2024 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 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 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;
- assessing whether the Annual Report and financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy; and
- 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 (https://www.indiacapitalgrowth.com).

**Independent Auditor**

Deloitte LLP acted as the Independent Auditor of the Company in respect of the year ended 31 December 2024.

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 incorporated entities. At this time, it is not the intention of the Board to conduct a tender.

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 2024.

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 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 ICG Q's holdings and the Company's ability to effect a disposal of any investment in ICG Q'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 ICG Q 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.

Financial Statements presentation - Following discussion with the external auditor the comparatives within the audited statement of comprehensive income statement have been shown as revenue and capital in line with industry practice.

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:

| | 2024 £ | 2023 £ |
|---|---|---|
| Annual Audit | 62,500 | 52,000 |

*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.

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 2024, and a Bridge letter covering the period from 1 October 2024 to 31 December 2024. The Committee was satisfied that controls relevant to the Company were operating satisfactorily.

**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 financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust. The Committee further concludes that the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the Company's performance, business model and strategy.

At the conclusion of the external audit process, the Independent Auditor reported to the Committee that any misstatements found in the course of its work had been corrected. 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
26 March 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIA CAPITAL GROWTH FUND LIMITED**
**Report on the audit of the financial statements**

1. 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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; 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 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

## 2. 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 that 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.

## 3. Summary of our audit approach

| | |
|---|---|
| **Key audit matter** | The key audit matter that we identified in the current year was the valuation of the Company's investment in its subsidiary and valuation of directly held investments.<br>This key audit matter is consistent with the prior year. |
| **Materiality** | The materiality that we used in the current year was £1,793,500 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. Audit work to respond to the risk of material misstatement was performed directly by the audit engagement team. |
| **Significant changes in our approach** | There have been no significant changes in our approach. |

## 4. 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.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the Redemption Facility mechanism and the ability for shareholders to request redemptions at 31 December 2025 and the potential impact of this on the going concern of the Company;
- assessing the likelihood of the level of redemptions at the forthcoming Redemption Facility by evaluating the latest shareholder analysis prepared by the investment manager as at 31 January 2025 for changes to shareholder types, comparing to actual redemptions levels for the redemption events on 31 December 2021 and 2023, and assessing the maximum amount of redemption that would have to occur to reduce the net asset value (NAV) to below an acceptable level;
- evaluating the liquidity analysis prepared by the investment manager and the investments held at year and performing a review of trading volumes for all investments held by the Company and ICG Q Limited and for any investments that were not traded daily, performed a free float analysis;
- assessing the ability of the Company to meet its short-term obligations based on its ongoing charges ratio; and
- assessing the relevant going concern 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.

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.

## 5. Key audit matter

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.

This matter was 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.

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

| | |
|---|---|
| **Key audit matter description** | The Company holds investments in securities listed on Indian Stock Exchanges with fair value of £65,924,000 as at 31 December 2024 (2023: £34,947,000), as well as investment in its subsidiary, ICG Q Limited (ICG Q.) with fair value of £105,376,000 as at 31 December 2024 (2023: £134,701,000). Investments are the most significant balance on the Statement of Financial Position. Errors or deliberate manipulation of valuations to report favourable key performance indicators could result in a material misstatement to the financial statements.<br><br>The fair value of investment the Company holds in its subsidiary, is determined by its Net Asset Value (NAV) at year end. The majority of ICG Q's NAV comprises its |

| | |
|---|---|
| | Net Asset Value (NAV) at year end. The majority of ICG Q's NAV comprises its listed investments and as a result there is risk that if these are materially misstated, the investment balance recorded in the Company's financial statements will be misstated.<br><br>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 in its subsidiary and valuation of directly held investments as at 31 December 2024 we performed the following procedures:<br>• Obtained an understanding of and tested the relevant controls relating to the valuation of investments, including controls adopted by the Company's administrator;<br>• Agreed the unit prices of all investments in the Company's subsidiary and directly held investments to independent pricing sources;<br>• 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; and<br>• Recalculated the NAV of ICG Q through reconciling the investment holdings, the cash holdings and liabilities as at 31 December 2024 to the closing balance of ICG Q recorded in the Company's financial statements. |
| **Key observations** | We concluded that the valuation of investments in the subsidiary and valuation of directly held investments was appropriate. |

## 6. Our application of materiality

### 6.1. 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** | £1,793,500 (2023: £1,735,000) |
| **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. |

### 6.2. 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 2024 audit (2023: 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 a result of the Redemption Facility that is due within the next 12 months.

### 6.3. Error reporting threshold

We agreed with the Audit & Risk Committee that we would report to the Committee all audit differences in excess of £89,600 (2023: £86,700), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7. An overview of the scope of our audit

### 7.1. 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.

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

### 7.2. 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 and tested the relevant controls around the valuation of investments and NAV preparation process established at the service provider. We inspected monthly NAV checklists and accompanying reports on a sample basis.

### 7.3 Our consideration of climate-related risks

The Company, through the investment manager has considered climate related risks from their operations. The Company's climate related risks arise from companies they invest in. As explained in the Strategic Report, the investment advisor has developed a scoring model in which companies they invest in are tracked for their climate risk processes and disclosures. This process is consistent with our understanding of the Company's operations. With the involvement of our ESG specialists, we used our knowledge of the Company to evaluate management's assessment. We also read the annual report to consider whether the disclosures in relation to climate change made in the other information within the annual report are materially consistent with the financial statements and our knowledge obtained in our audit.

## 8. 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.

## 9. 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.

## 10. 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.

## 11. 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.

### 11.1. 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 & Risk 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 and relevant internal specialists, including IT specialists 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 area:

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

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 UK 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.

penalty.

**11.2. Audit response to risks identified**

As a result of performing the above, we identified valuation of the Company's investments in its subsidiary and valuation of 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 the 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 & Risk 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 & Risk 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**

12. 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;
- 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;
- the directors' statement on fair, balanced and understandable set out;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out; and
- the section describing the work of the Audit & Risk Committee set out.

13. Matters on which we are required to report by exception

**13.1. 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.

14. 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.

Stuart Crowley FCA
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
26 March 2025

**AUDITED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2024

| | | | | **2024** | | | 2023 |
|---|---|---|---|---|---|---|---|
| | **Notes** | **Revenue £000** | **Capital £000** | **Total £000** | Revenue £000 | Capital £000 | Total £000 |
| **Income** | | | | | | | |

| | Notes | | | | | | |
|---|---|---|---|---|---|---|---|
| Dividend income | | **471** | **-** | **471** | 144 | - | 144 |
| Foreign exchange loss | | **(531)** | **-** | **(531)** | (386) | - | (386) |
| Net gain on financial assets at fair value through profit or loss | 5 | **-** | **26,400** | **26,400** | - | 40,169 | 40,169 |
| Management fees | 11 | **1,464** | | **1,464** | - | - | - |
| **Total income** | | **1,404** | **26,400** | **27,804** | (242) | 40,169 | 39,927 |
| **Expenses** | | | | | | | |
| Management fees | 11 | **(1,944)** | **-** | **(1,944)** | - | - | - |
| Operating expenses | 3 | **(706)** | **-** | **(706)** | (538) | - | (538) |
| Transaction costs | | **(84)** | **-** | **(84)** | (55) | - | (55) |
| **Total expenses** | | **(2,734)** | **-** | **(2,734)** | (593) | - | (593) |
| Profit for the year before taxation | | **(1,330)** | **26,400** | **25,070** | (835) | 40,169 | 39,334 |
| Taxation | 6 | **(93)** | **(1,537)** | **(1,630)** | (30) | (696) | (726) |
| **Total comprehensive income for the year** | | **(1,423)** | **24,863** | **23,440** | (865) | 39,473 | 38,608 |
| Earnings per Ordinary Share (pence) | 4 | | | **27.04** | | | 40.01 |
| Diluted earnings per Ordinary Share (pence) | 4 | | | **27.04** | | | 40.01 |

The Total column of this statement represents the Company's statement of comprehensive income, prepared in accordance with IFRS as adopted by the UK. 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 Accounting Standards and all the items in the above statement derive from continuing operations.

**AUDITED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

| | Notes | 2024 £000 | 2023 £000 |
|---|---|---|---|
| **Non-current asset** | | | |
| Financial assets designated at fair value through profit or loss | 5 | **171,300** | 169,649 |
| **Current assets** | | | |
| Cash and cash equivalents | 12 | **9,507** | 5,009 |
| Other receivables and prepayments | | **1,337** | 191 |
| | | **10,844** | 5,200 |
| **Current liability** | | | |
| Payables and accruals | | **(277)** | (254) |
| Net current assets | | **10,567** | 4,946 |
| **Non-current liability** | | | |
| Deferred taxation | 6 | **(2,510)** | (1,093) |
| **Net assets** | | **179,357** | 173,502 |
| **Equity** | | | |
| Share capital | 8 | **858** | 963 |
| Reserves | | **178,499** | 172,539 |
| **Total equity** | | **179,357** | 173,502 |
| Number of Ordinary Shares in issue | 8 | **85,810,644** | 96,330,656 |
| NAV per Ordinary Share (pence) - Undiluted and diluted | | **209.01** | 180.11 |

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2025 and signed on its behalf by: -

**Lynne Duquemin** **Patrick Firth**

**AUDITED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

| | Note | Share Capital £000 | Capital Reserve £000 | Revenue Reserve £000 | Other Distributable Reserve £000 | Total £000 |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2024 | | **963** | **111,056** | **(10,524)** | **72,007** | **173,502** |
| Gain on investments | | **-** | **24,863** | **-** | **-** | **24,863** |
| Share issue | 8 | **63** | **-** | **-** | **11,390** | **11,453** |
| Share repurchase | 8 | **(168)** | **-** | **-** | **(28,870)** | **(29,038)** |
| Total comprehensive income for the year | | **-** | **-** | **-** | **(1,423)** | **(1,423)** |
| **Balance as at 31 December 2024** | | **858** | **135,919** | **(10,524)** | **53,104** | **179,357** |

For the year ended 31 December 2023

| | Note | 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 issue | 8 | - | - | - | - | - |
| 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 |

**AUDITED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2024

| | Note | 2024 £000 | 2023 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating profit | | **25,070** | 39,334 |
| *Adjustments for:* | | | |
| Net gain on financial assets at fair value through profit or loss | | **(26,400)** | (40,169) |
| Foreign exchange loss | | **531** | 386 |
| Dividend income | | **(471)** | (144) |
| Increase in other receivables and prepayments | | **(1,146)** | (33) |
| Increase in payables and accruals | | **23** | 40 |
| **Cash used in operations** | | **(2,393)** | (586) |
| Taxes paid | | **(213)** | (30) |
| **Net cash flows used in operating activities** | | **(2,606)** | (616) |
| **Cash flows from investing activities** | | | |
| Dividend income | | **471** | 144 |
| Acquisition of investments | 5 | **(30,381)** | (19,471) |
| Disposal of investments | 5 | **55,130** | 24,977 |
| **Net cash flows generated from investing activities** | | **25,220** | 5,650 |
| **Cash flows from financing activities** | | | |
| Issue of shares | | **11,453** | - |

| | | |
|---|---|---|
| Redemption of shares | **(29,038)** | (285) |
| **Net cash flows used in financing activities** | **(17,585)** | (285) |
| **Net increase in cash and cash equivalents during the year** | **5,029** | 4,749 |
| Cash and cash equivalents at the start of the year | **5,009** | 646 |
| Foreign exchange loss | **(531)** | (386) |
| **Cash and cash equivalents at the end of the year** | **9,507** | 5,009 |

**NOTES TO THE AUDITED FINANCIAL STATEMENTS**

**1. Material accounting Policies**

**Basis of accounting**

The financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the UK and interpretations adopted by the International Accounting Standards Board ("IASB"), and the Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2023. The Company's Guernsey registration number is 1030287.

**Basis of preparation**

The financial statements for the year ended 31 December 2024 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 Accounting Standards, the Directors have sought to prepare the 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, including the split between revenue and capital for the comparative period for the first time, in line with industry practice.

**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 (77.8% of the portfolio can be liquidated within 5 days); the performance of the investment portfolio; the overall size of the Company and its impact on the Ongoing Charges of the Company (the NAV 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 £26.2m in accordance with the announced redemption price on 8 January 2024. During 2024, to satisfy demand in the market, the Company issued over 5.8m shares from Treasury at a premium to NAV raising over £10.7m in new capital, and bought back 1.6m shares at a significant discount to NAV. Further buybacks were made subsequent to the year end. As at 28 February 2025 the Company's NAV was £144.8m.

The next date at which shareholders will be able to request the redemption of some or all of the shares is scheduled to take place on the last working day of November 2025, subject to shareholder approval at the Company's AGM on 5 June 2025, for shareholders on the register at 29 August 2025. Based upon the performance of the Company to date, the results of the previous two redemptions, and the increase in the proportion of retail shareholders seeking long term value growth on the share register since the last Redemption Facility on 31 December 2023, the Board believes shareholder redemptions at the forthcoming Redemption Facility on 31 December 2025 are likely to be at such a level not to impact the going concern of the Company.

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.

**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;

( i i ) 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 NAV at the corresponding valuation date.

The IFRS 10 Investment Entity Exemption requires investment entities to fair value all subsidiaries that are themselves investment entities. As the subsidiary meets the criteria of an investment entity, it has not been consolidated. On the basis of the above, these financial statements represent the standalone 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. Taxation related to investments is disclosed under 'Capital' and all other taxes are disclosed under 'Revenue'.

**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 ICG Q Limited is designated at Fair Value through Profit or Loss (FVTPL) 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 FVTPL 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 NAV. ICG Q Limited's investments are designated at FVTPL, fair value is determined by reference to the market closing price ruling at the balance sheet date, or if this is not available, the latest closing 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 FVTPL, are initially measured at fair value plus transaction costs. The Company includes in this category short-term payables.

**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 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 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 standards, amendments and interpretations adopted during the year

There have been amendments and interpretations that have become effective for the current year. The Company has adopted the following new and amended IFRS Accounting Standards:

Classification of liabilities as current or non-current with covenants (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.
This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

The above amendment is not expected to have a material impact on the Company's financial statements.

New and revised standards

Standards and interpretations published, but not yet effective for the annual period beginning on 1 January 2024, which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurements of Financial instruments (applicable for annual periods beginning on or after 1 January 2026)

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

## 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 FVTPL in its financial statements.

**Critical accounting judgements**

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. All other components of ICG Q's NAV pertain to instruments which do not require estimation. Details of the valuation methodologies and assumptions applied in determining the fair value of the Company's investments and sensitivities to those assumptions, are disclosed in Note 9.

## 3. Operating expenses

| | **2024 £000** | 2023 £000 |
|---|---|---|
| Administration and secretarial fees | **96** | 84 |
| Audit fees | **69** | 52 |
| Broker fee | **43** | 23 |
| D&O insurance | **8** | 8 |
| Directors' fees and expenses | **144** | 126 |
| General expenses | **54** | 60 |
| Marketing expenses | **81** | 88 |
| Other professional fees | **132** | 45 |
| Registrar fee | **16** | 7 |
| Regulatory fees | **40** | 45 |
| Other expenses | **23** | - |
| | **706** | 538 |

## 4. Earnings per share

Earnings per Ordinary Share and the fully diluted earnings per share are calculated on the profit for the year of £23,440,000 (2023: profit of £38,608,000) divided by the weighted average number of Ordinary Shares of 86,682,493 (2023: 96,487,421).

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

Financial assets at FVTPL consists of investments in securities listed on Indian Stock Exchanges, namely the National Stock Exchange or the Bombay Stock Exchange, as well as investments in the wholly owned subsidiary ICG Q Limited. A summary of movements is shown below.

| | **2024 £000** | 2023 £000 |
|---|---|---|
| Fair value at beginning of year | **169,649** | 134,986 |
| Disposal of investments | **(55,130)** | (24,977) |
| Acquisition of investments | **30,381** | 19,471 |
| Realised gains on disposal of investments | **41,306** | 17,181 |
| Unrealised (losses)/gains on revaluation | **(14,906)** | 22,988 |
| **Fair value at end of year** | **171,300** | 169,649 |

The net realised and unrealised gains above totalling £26,400,000 (2023: £40,169,000) on financial assets at FVTPL comprise of gains on the Company's holding in ICG Q Limited to the extent of £19,017,000 (2023: gains of £35,412,000) and gains of £7,383,000 (2023: gains of £4,757,000) arising from investments in securities listed on Indian stock markets. The movement arising from the Company's holding in ICG Q Limited is driven by the following amounts within the financial statements of ICG Q Limited, as set out below.

| | **2024** | 2023 |
|---|---|---|

| | **£000** | £000 |
|---|---|---|
| Dividend income | **599** | 959 |
| Unrealised (loss)/gain on financial assets at FVTPL | **(3,923)** | 24,310 |
| Foreign exchange gain/(loss) | **285** | (2,612) |
| Realised gain on disposal of investments | **28,188** | 19,035 |
| Investment management fees | **(1,464)** | (1,702) |
| Other operating expenses | **(98)** | (91) |
| Withholding tax on dividend income | **(125)** | (197) |
| Tax refund | **75** | - |
| Other taxes | **(4,416)** | (4,208) |
| Transaction costs | **(104)** | (82) |
| **Net profit of ICG Q Limited** | **19,017** | 35,412 |

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 2024, the Company had a tax liability of £Nil (2023: £Nil).

**India**

Capital gains arising from equity investments in Indian companies are subject to Indian Capital Gains Tax Regulations. Consequently, with effect from July 2024, the Company and its subsidiary, ICG Q 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 20% and 12.5% (2023: 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. An amount of £120,000 was paid during 2024. The Indian Capital Gains Tax deferred tax liability is determined at each month end by the Company's India Tax Agent based upon the period each investment has been held and the Indian Capital Gains Tax Regulations in force at the time of that assessment. The deferred taxation liability relating to Indian capital gains tax for the Company was £2,510,000 at 31 December 2024 (2023: £1,093,000) and for its subsidiary was £8,859,308 at 31 December 2024 (2023: £7,833,000).

**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 2024 was £93,000 (2023: £30,000) and for its subsidiary was £125,000 (2023: £197,000).

**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. The adoption of Pillar Two by Guernsey effective 1 January 2025 does not have an impact on the Company.

## 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

**Number of**

| Issued and Paid Share Capital | shares | Share Capital |
|---|---|---|
| | | £000 |
| Ordinary shares of £0.01 each: | | |
| At 31 December 2023 | 96,330,656 | 963 |
| Shares issued from Treasury | 5,828,500 | 58 |
| Shares bought back to Treasury | (1,613,512) | (16) |
| Redemption Shares redeemed | (15,159,876) | (151) |
| Redemption Shares sold | 424,876 | 4 |
| **At 31 December 2024** | **85,810,644** | **858** |

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 of 5,828,500 ordinary shares issued during the year ended 31 December 2024. These shares were transferred from the Treasury Shares account to the Issued Share Capital Account and were issued at a premium to the NAV per share, as per below:

| Date | Number of shares | Par Value (£) | Discount/(Premium) on day of buyback | Sale Price (£) | Value of Sale (£) |
|---|---|---|---|---|---|
| 29 January 2024 | 500,000 | 0.01 | (0.5%) | 1.816 | 908,750 |
| 30 January 2024 | 350,000 | 0.01 | (1.4%) | 1.820 | 637,000 |
| 1 February 2024 | 340,000 | 0.01 | (0.6%) | 1.850 | 629,000 |
| 2 February 2024 | 700,000 | 0.01 | (0.8%) | 1.840 | 1,288,000 |
| 5 February 2024 | 525,000 | 0.01 | (0.5%) | 1.851 | 971,775 |
| 6 February 2024 | 425,000 | 0.01 | (0.6%) | 1.858 | 789,438 |
| 7 February 2024 | 335,000 | 0.01 | (0.6%) | 1.860 | 623,100 |
| 8 February 2024 | 210,000 | 0.01 | (0.6%) | 1.839 | 386,190 |
| 9 February 2024 | 210,000 | 0.01 | (0.7%) | 1.835 | 385,350 |
| 12 February 2024 | 285,000 | 0.01 | (0.6%) | 1.795 | 511,575 |
| 13 February 2024 | 115,000 | 0.01 | (0.8%) | 1.805 | 207,575 |
| 14 February 2024 | 90,000 | 0.01 | (0.6%) | 1.818 | 163,620 |
| 16 February 2024 | 150,000 | 0.01 | (0.5%) | 1.866 | 279,900 |
| 21 February 2024 | 70,000 | 0.01 | (0.6%) | 1.855 | 129,850 |
| 22 February 2024 | 75,000 | 0.01 | (0.7%) | 1.855 | 139,125 |
| 26 February 2024 | 75,000 | 0.01 | (0.6%) | 1.868 | 140,063 |
| 27 February 2024 | 100,000 | 0.01 | (0.6%) | 1.873 | 187,250 |
| 28 February 2024 | 258,000 | 0.01 | (0.6%) | 1.838 | 474,075 |
| 1 March 2024 | 165,000 | 0.01 | (0.5%) | 1.878 | 309,788 |
| 4 March 2024 | 285,500 | 0.01 | (0.5%) | 1.865 | 532,458 |
| 5 March 2024 | 100,000 | 0.01 | (0.6%) | 1.843 | 184,250 |
| 6 March 2024 | 370,000 | 0.01 | (0.7%) | 1.820 | 673,400 |
| 12 March 2024 | 95,000 | 0.01 | (0.7%) | 1.760 | 167,200 |
| | **5,828,500** | | | | **10,718,730** |

**Shares bought back to Treasury**

There was a total of 1,613,512 ordinary shares bought back during the year ended 31 December 2024. These shares were transferred from Issued Share Capital Account to Treasury Shares Account and were purchased at a discount to the NAV per share, as per below:

| Date | Number of shares | Par Value (£) | Discount/(Premium) on day of buyback | Buy Back Price (£) | Value of Buy back (£) |
|---|---|---|---|---|---|
| 20 March 2024 | 50,000 | 0.01 | 14.8% | 1.460 | 73,000 |
| 21 March 2024 | 100,000 | 0.01 | 14.8% | 1.450 | 145,000 |
| 4 April 2024 | 100,000 | 0.01 | 12.0% | 1.614 | 161,400 |
| 5 April 2024 | 25,000 | 0.01 | 9.7% | 1.650 | 41,250 |

| | | | | | |
|---|---|---|---|---|---|
| 5 April 2024 | 25,000 | 0.01 | 9.7% | 1.650 | 41,250 |
| 9 April 2024 | 15,000 | 0.01 | 9.5% | 1.650 | 24,750 |
| 11 April 2024 | 50,000 | 0.01 | 9.9% | 1.639 | 81,945 |
| 12 April 2024 | 25,000 | 0.01 | 9.8% | 1.640 | 41,000 |
| 16 April 2024 | 20,447 | 0.01 | 9.5% | 1.660 | 33,942 |
| 22 April 2024 | 30,770 | 0.01 | 9.3% | 1.647 | 50,666 |
| 23 April 2024 | 50,000 | 0.01 | 10.7% | 1.630 | 81,500 |
| 26 April 2024 | 40,000 | 0.01 | 9.6% | 1.675 | 67,000 |
| 30 April 2024 | 12,663 | 0.01 | 9.6% | 1.680 | 21,274 |
| 31 May 2024 | 40,000 | 0.01 | 8.1% | 1.640 | 65,600 |
| 13 June 2024 | 14,404 | 0.01 | 8.3% | 1.720 | 24,775 |
| 24 June 2024 | 19,000 | 0.01 | 9.0% | 1.780 | 33,820 |
| 25 June 2024 | 20,000 | 0.01 | 7.7% | 1.808 | 36,150 |
| 3 July 2024 | 20,000 | 0.01 | 9.8% | 1.818 | 36,360 |
| 4 July 2024 | 50,000 | 0.01 | 9.3% | 1.828 | 91,400 |
| 5 July 2024 | 20,000 | 0.01 | 9.1% | 1.850 | 37,000 |
| 9 July 2024 | 25,000 | 0.01 | 8.6% | 1.856 | 46,400 |
| 11 July 2024 | 20,000 | 0.01 | 8.6% | 1.850 | 37,000 |
| 15 July 2024 | 25,000 | 0.01 | 8.1% | 1.860 | 46,500 |
| 18 July 2024 | 30,000 | 0.01 | 8.3% | 1.839 | 55,170 |
| 30 July 2024 | 13,000 | 0.01 | 9.4% | 1.861 | 24,193 |
| 30 July 2024 | 20,000 | 0.01 | 9.3% | 1.840 | 36,800 |
| 5 August 2024 | 7,000 | 0.01 | 8.4% | 1.890 | 13,230 |
| 30 August 2024 | 21,000 | 0.01 | 8.3% | 1.870 | 39,270 |
| 4 September 2024 | 50,000 | 0.01 | 8.6% | 1.885 | 94,250 |
| 10 September 2024 | 50,000 | 0.01 | 9.0% | 1.860 | 93,000 |
| 16 September 2024 | 38,000 | 0.01 | 9.9% | 1.870 | 71,041 |
| 19 September 2024 | 20,000 | 0.01 | 8.2% | 1.890 | 37,800 |
| 27 September 2024 | 30,000 | 0.01 | 9.4% | 1.865 | 55,950 |
| 3 October 2024 | 14,000 | 0.01 | 9.0% | 1.870 | 26,180 |
| 14 October 2024 | 50,000 | 0.01 | 11.4% | 1.869 | 93,450 |
| 14 October 2024 | 50,000 | 0.01 | 11.2% | 1.850 | 92,475 |
| 16 October 2024 | 50,000 | 0.01 | 12.2% | 1.878 | 93,900 |
| 17 October 2024 | 50,000 | 0.01 | 11.5% | 1.900 | 95,000 |
| 22 October 2024 | 50,000 | 0.01 | 9.8% | 1.855 | 92,760 |
| 30 October 2024 | 50,000 | 0.01 | 11.1% | 1.800 | 90,000 |
| 6 November 2024 | 23,000 | 0.01 | 11.8% | 1.820 | 41,860 |
| 11 November 2024 | 50,000 | 0.01 | 10.7% | 1.840 | 92,000 |
| 15 November 2024 | 6,000 | 0.01 | 10.9% | 1.800 | 10,800 |
| 20 November 2024 | 50,000 | 0.01 | 11.8% | 1.815 | 90,725 |
| 22 November 2024 | 50,000 | 0.01 | 11.7% | 1.820 | 91,000 |
| 27 November 2024 | 49,228 | 0.01 | 11.2% | 1.889 | 93,002 |
| 20 December 2024 | 20,000 | 0.01 | 9.1% | 1.950 | 39,000 |
| | **1,613,512** | | | | **2,840,588** |

**Redemption Shares redeemed to Treasury**

In accordance with the Company's Redemption Facility as at 31 December 2023, on 16 January 2024 the Company redeemed 15,159,876 ordinary shares (Redemption Shares) at 180.11p per share for a total cost of £26,197,327. At the same time the Company sold 424,876 Redemption Shares at 180.11p per share realising total proceeds of £734,215 and transferred the remaining 14,735,000 Redemption Shares to Treasury Share Account.

**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 also includes foreign exchange gains and losses made on ordinary transactions, dividend income and general expenses, as well as taxation.

**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).

inputs) (Level 3).

The analysis as at 31 December 2024 is as follows:

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Listed securities | **65,924** | **-** | **-** | **65,924** |
| Unlisted securities | **-** | **105,376** | **-** | **105,376** |
| Total | **65,924** | **105,376** | **-** | **171,300** |

The analysis as at 31 December 2023 is as follows:

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Listed securities | 34,948 | - | - | 34,948 |
| Unlisted securities | - | 134,701 | - | 134,701 |
| Total | 34,948 | 134,701 | - | 169,649 |

The Company's investment in ICG Q Limited, the Company's wholly owned subsidiary is priced based on the subsidiary's NAV as calculated as at the reporting date. The Company has the ability to redeem its investment in ICG Q Limited at the NAV 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 2024 and 2023. The year-end fair value of those investments, together with cash held in ICG Q Limited, comprise all but an insignificant proportion of the NAV of the subsidiary.

There has been no movement between levels for the year ended 31 December 2024. There were no changes in valuation techniques during the year ended 31 December 2024.

**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 2024, 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 (see note 8).

**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 behavior positively in relation to climate risk management. There have been no financial material impacts as a result of E&S risk.

**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 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 2024, comprised investment in 36 (2023: 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 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 (2024: 94.8%; 2023: 90.90%) to any movement in the BSE Mid Cap Total Return Index.

At 31 December 2024, with all other variables held constant, this approximation would produce a movement in the net assets of the Group's investment portfolio of £18,089,065 (2023: £16,590,731) for a 10% (2023: 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 NAV, 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 2024, if the Indian Rupee had strengthened or weakened by 10% (2023: 10%) against Sterling with all other variables held constant, pre-tax profit for the period would have been £18,449,000 (2023: £17,761,359) higher or lower, respectively, mainly as a result of foreign exchange gains or losses on translation of Indian Rupee denominated financial assets designated at FVTPL 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 Company. 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.

The principal credit risks are in relation to cash held by the custodian. Kotak Mahindra Bank Limited (Kotak) acts as the custodian to the Company. The aggregate exposure to Kotak at 31 December 2024 was £3,127,763 (2023: £65,379).

Kotak acted as custodian of the Company's assets during the period. The securities held by Kotak as custodian are held in trust and are registered in the name of the Company. Kotak has a long-term credit rating of AAA (2023: 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 financial 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

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. With effect from 22 July 2024 the short-term (investments held less than 12 months) Indian CGT rate increased from 15% to 20% and the long-term Indian CGT rate increased from 10% to 12.5%. Full deferred tax provision is made for Indian CGT applying 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 2024, the investment management fee was equivalent to 1.25 per cent per annum of the lower of the Company's market capitalisation or aggregate value of its assets less current liabilities, calculated and payable monthly in arrears. The Investment Manager earned £1,944,000 in management fees during the year ended 31 December 2024 (2023: £1,702,000) of which £181,000 was outstanding at 31 December 2024 (2023: £162,000).

From March 2024, the method of calculation for these fees has been updated. Investment management fees receivable from ICG Q are calculated based on the NAV of ICG Q. Investment management fees payable to Ocean Dial Asset Management Limited are based on the assets of ICGF. The calculation of investment management fees payable to Ocean Dial Asset Management Limited remains unchanged

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 50 per month excluding all international calls and courier. The Administrator earned £96,000 for administration and secretarial services during the year ended 31 December 2024 (2023: £84,000) of which £24,000 was outstanding at 31 December 2024 (2023: £23,000).

**12. Cash and cash equivalents**

Cash and cash equivalents are comprised of:

| | **2024**<br>**£000** | 2023<br>£000 |
|---|---|---|
| Cash at bank | **5,307** | 5,009 |
| Short-term investment | **4,200** | - |
| | **9,507** | 5,009 |

**13. Contingent liabilities**

The Directors are not aware of any contingent liabilities as at 31 December 2024 and at the date of approving these financial statements.

**14. Significant 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 180.11p 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 NAV of the Company.

**15. Ultimate controlling party**

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

**16. Subsequent events**

During the period from 31 December 2024 to the date of signing of these Financial Statements, no shares have been issued from Treasury and 395,000 shares have been bought back into Treasury.

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

- 85,415,644 Ordinary Shares (excluding treasury shares)
- 27,086,529 Ordinary Shares held in treasury

- 112,502,173 Ordinary Shares (including treasury shares)

The Company's NAV has fallen by 19.3% since the year-end and was £144.8m as of 28 February 2025. The latest estimated NAV of £151.7m as of 25 March 2025 shows a rise of 4.8% during the month to date. These movements are in line with wider market fluctuations.

There are no other material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 December 2024.

**ALTERNATIVE PERFORMANCE MEASURES**

The Company uses the following Alternative Performance Measures ("APMs"). APMs do not have a standard meaning prescribed by Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other entities.

**Premium or Discount** - the share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV per share of the Company. If the share price is lower than NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers of shares than buyers. The discount is shown as a percentage of the NAV per share. Shares trading at a price above NAV per share are deemed to be at a premium.

| | | **2024 pence** | 2023 pence |
|---|---|---|---|
| NAV per share | (a) | **209.01** | 180.11 |
| Share price per share | (b) | **192.50** | 173.00 |
| **(Discount) or Premium ((b-a)/a)** | (c) | **(7.9%)** | (3.9%) |

**Ongoing Charges** - are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Investment Company, expressed as a proportion of the average net assets of the Company over the reporting year. In accordance with AIC guidance the costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing shares. Ongoing charges are based on aggregate costs incurred in the year by both the Company and its Mauritian subsidiary, as being the best estimate of future costs.

| | | **2024 £000** | 2023 £000 |
|---|---|---|---|
| Management fee | | **1,944** | 1,702 |
| Directors' fees | | **133** | 126 |
| Mauritian subsidiary operating expenses | | **97** | 91 |
| Administration fee | | **84** | 74 |
| Auditor's fee | | **63** | 49 |
| Other expenses | | **430** | 284 |
| Ad-hoc non-recurring expenses | | **(91)** | - |
| Total ongoing & recurring expenses | (a) | **2,660** | 2,326 |
| Average monthly net assets | (b) | **168,647** | 148,384 |
| **Ongoing charges (a/b)** | (c) | **1.58%** | 1.57% |

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