India Capital
GROWTH FUND

Interim Report and Unaudited Condensed Financial Statements

2024

FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

CONTENTS

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CHAIR'S STATEMENT

The half year to 30 June 2024 was dominated by the General Election in India. Almost one billion people were entitled to vote in the election, which took place in phases over six weeks in April and May, culminating in the announcement of results in early June. While Prime Minister Modi's BJP party and its allies were re-elected for a third term, the result was less emphatic than expected. Modi's reduced grip on power is likely to mean that the pace of reforms will be slower than anticipated with more political horse-trading taking place.

Economic statistics have shown the strength of the economy, with GDP growth exceeding expectations, inflation well within target and corporate profitability nearing previous peaks. Equity markets in India have reflected this positive news, with an increase of 26.7% in the BSE Midcap Total Return Index (the Benchmark) over the first six months of 2024. The large cap BSE Sensex index rose by 10.9% over the period.

PERFORMANCE

The Net Asset Value (NAV) of the shares in your Company rose by 10.6%, a strong performance in absolute terms but underperforming the benchmark index. As the Investment Manager's report explains in detail, the portfolio's underweight position in financials was the principal drag on performance. For governance reasons, the Investment Advisor prefers to avoid banks that are majority owned by government, and shares in those companies performed strongly over the period. The Company's share price increased by 4.3% over the period.

An increase in both short-term and long-term capital gains tax (CGT) was announced by the Indian government in June and took effect on 22 July 2024. The Net Asset Value of your Company is calculated taking into account the impact of CGT, which reduces the NAV by a small percentage.

DISCOUNT AND REDEMPTION FACILITY

The discount of the share price to NAV widened from 3.9% at 31 December 2024 to 9.4% at 30 June 2024. The Board monitors the discount/premium closely and has the necessary permissions to repurchase or issue stock if the Board decides it is in the best interests of the Company and its shareholders.

Following the exercise of the redemption facility on 31 December 2023, your Company's shares traded at a premium to NAV from the end of January until early March. The Company issued 5,828,500 shares from Treasury during that time. Negative comments from the Chair of SEBI, the financial regulator, about the valuations of mid and small cap stocks in India hit confidence in the market. Consequently, your Company's shares moved from a premium to a discount to NAV. While Indian mid and small cap stocks rebounded, your Company's shares have continued to trade at a discount. Over the period under review, the Company repurchased 612,284 shares. From the period end to 31 August 2024, a further 251,000 shares were repurchased.

VISIT TO INDIA

The Board of your Company made its first visit to India since the pandemic in March this year. We visited the Investment Advisor, Gaurav Narain, and his team in their new offices in Mumbai and together we visited companies held in the Company's portfolio in Mumbai and Delhi. We also met government ministers, journalists, economists and analysts.

We left India with a strong impression of the growth potential within the country. The impact of the infrastructure spending across the country has been powerful and looks set to continue to boost economic growth for many years to come. Increased efficiency in government is also a contributing factor – we were impressed by the Finance Ministry's ability to improve tax collection and compliance. Many of the companies we visited are 'best-in-class', such as Sona BLW Precision Forgings, which manufactures complex parts for global automotive companies. Others are focussed on the domestic market: IDFC First Bank has been transformed from a moribund infrastructure lender to a rapidly growing retail bank with a strong digital franchise.

INVESTOR RELATIONS

The Board's focus on ensuring that we communicate with shareholders as effectively as possible remains in place. So far this year, there have been a number of articles in the press alongside online interviews. In the remainder of the year, Gaurav will participate in a number of conferences in the autumn and the Investment Manager hosts regular webinars during the year.

I encourage shareholders who have not yet taken advantage of these webinars to sign up for updates on the India Capital Growth website www.indiacapitalgrowth.com.

LOOKING FORWARD

The Board is optimistic about the prospects for the Indian economy and for the stock market in India. While there are legitimate concerns about valuations and the speculation taking place in some sectors of the stock market, India's weighting in the emerging markets indices is increasing and foreign investors are, for the most part, underweight.

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

Elisabeth Scott | Chair

11 September 2024

INVESTMENT MANAGER'S REPORT

OVERVIEW

The Company's Net Asset Value (NAV) increased 10.6% (in GBP) in the first six months of the year. The Indian Rupee appreciated 0.6% against the pound leading to weaker local currency returns. Overall, the performance can be attributed to strong earnings by individual portfolio companies, along with an improved business outlook. Consequently, there has been a re-rating for some companies, particularly in the small cap space.

Although the Company has underperformed the BSE Midcap TR Index (the Benchmark), which yielded a return of 26.7% (in GBP) over the short term, we are pleased to report that the mid and long-term performance remains robust. Since the current manager assumed responsibility in 2011, the Company has achieved a compound annual growth rate of 15.2%.

PERFORMANCE

Sector allocation and stock selection were equal contributors to the Company's underperformance during this period.

Sectors

In contrast to all other sectors, Healthcare and Communication Services contributed positively to attribution. A primary detractor to performance was the continued lack of exposure to government-owned stocks (banks, defence, railways, etc.), which experienced a sharp re-rating across sectors. The reluctance to hold government owned stocks stems from challenges around governance, due to frequent changes and lack of continuity in senior leadership teams. Political interference and cumbersome decision-making processes also hinder their agility and efficiency. These factors make it difficult to commit to long-term investments, however we are seeing positive changes and continue to monitor progress.

Financials were the biggest detractor by sector in the six months.

Financials account for 22.6% of the portfolio vs 24.2% in the benchmark, the differentiator being the allocation within the sector. The Company held its positions largely through private sector banks, which have underperformed government-owned competitors. In contrast, the benchmark held significant allocations in government-owned banks and non-banking holdings, which also performed well having experienced a sharp rerating in anticipation of a decline in the cost of borrowing, triggered by a dependence on high-cost wholesale deposits for liabilities. This resulted in a mix of gains and losses in the financial sector, positive performance was gained through holdings in **Federal Bank** (5.5% weight, up 13%) and **City Union Bank** (2.5% weight, up 12%) however, this was eroded by the negative performance of holdings in **IDFC First Bank** (3.9% weight, down 8%), **IndusInd Bank** (3.2% weight, down 7%) and **RBL Bank** (3.6% weight, down 6%).

Key Contributors

Dixon (6.6% weight, up 82%) is the largest portfolio holding. This stock is India's largest and most diversified Electronic Manufacturing Services (EMS) company. It is one of the largest manufacturers of Mobile Phones, LED Televisions, Lighting Products and Washing Machines supplying to some of the leading global brands in India. Dixon's strong revenue growth and consistent growth in new clients and business sectors has led to strong performance.

Skipper (4.2% weight, up 57%), a manufacturer of transmission & telecom towers, is benefiting from the increased infrastructure spending in India. Being amongst the lowest cost manufacturers globally, Skipper is also seeing an expanding export order book as companies de-risk their sourcing from China.

Neuland Laboratories (3.9% weight, up 41%), a healthcare company, also delivered a strong performance. The company specialises in manufacturing complex Active Pharmaceutical Ingredients (APIs) for Pharma companies. It also partners with global innovators in their development of new molecules. Investments over the past few years are bearing fruit with the business moving to a higher revenue growth trajectory along with operating leverage driving margins. Both earnings upgrades and valuation re-rating is driving its performance.

Emami (4.9% weight, up 23%), is a leading FMCG player in India with a presence in the health, beauty, and personal care space. Emami has started seeing green shoots of rural demand revival leading to stock price partially catching up to its relatively cheap valuation.

Ramkrishna Forgings (3.9% weight, up 23%) is an auto ancillary company which supplies forged components to commercial vehicles in domestic and global markets. Its performance has seen an uptick driven by industry growth, new client wins, and new value-added products, as well as a successful foray into new categories like components for railways and passenger vehicles.

Key Detractors

VIP Industries (2.5% weight, down 18%). India's largest manufacturer of luggage has disappointed on revenue growth and margins as the management is working on a long-term strategy to transform the company's product range and product premiumization.

GPT Healthcare (1.7% weight, down 18%) a recent portfolio entrant was also weak. GPT operates four multi-speciality hospitals with a total of 561 beds in East India under the ILS brand. Its growth has been slower than expected due to a slower improvement in occupancy rates in some of its newer hospitals.

INVESTMENT MANAGER'S REPORT (continued)

PORTFOLIO ACTIVITY

In addition to initiating five new positions, in the past six months the Investment Manager increased the allocation to **Bajaj Electricals, City Union Bank, Essel Propack, IDFC First Bank, PSP Projects, RBL Bank, Vedant Fashions** and **VIP Industries**.

Initiated Positions

Aether Industries is a speciality chemical manufacturer in India producing advanced intermediates and speciality chemicals involving complex and differentiated chemistry.

Container Corporation of India is the largest transporter of containers (rail and road) and handling of containers. It is also engaged in the operation of logistics facilities, including dry ports, container freight stations and private freight terminals.

Gokaldas Exports is one of the largest organized apparel manufacturers in India. It designs and manufactures a diverse range of apparel products for all seasons ranging across outerwear, fashionwear and activewear. It exports to some of the leading fashion brands and retailers across 50+ countries including GAP, Carhartt, and Columbia Sportswear.

GPT Healthcare owns and operates four multi-speciality hospitals with a total of 561 beds in East India under the ILS brand listed through an IPO in Feb 24. It was founded in July 2000 by a renowned laparoscopic surgeon. It focuses on the Eastern part of India, which has the lowest bed density in India. Its ILS brand is well known. It serves middle-income patients by charging reasonable rates at approximately a 30% discount to large hospitals.

Triveni Turbine is a capital goods company which designs and manufactures steam turbines up to 100MW for industrial captive and renewable power. It is the largest player in India in the less than 30MW category market with a market share of 55-60% and a circa15% market share in the overseas geographies it serves.

Volatility in price movement gave opportunity to take profit from several holdings and ensured consistency in stock specific risk. Holdings were trimmed in **Dixon Technologies, Emami, IDFC Bank, Indusind Bank, JK Lakshmi, Jyothy Labs, Multi Commodity Exchange, Neuland Labs, PI Industries, Persistent Systems, Ramkrishna Forgings, Skipper, Federal Bank** and **Welspun India**.

Exited Positions

Ashok Leyland, an auto company which manufactures commercial vehicles.

Finolex Cables, a manufacturer of cables and wires.

Tech Mahindra, an IT services company.

Bajel Projects, an engineering, procurement and construction company spun out of Bajaj Electricals.

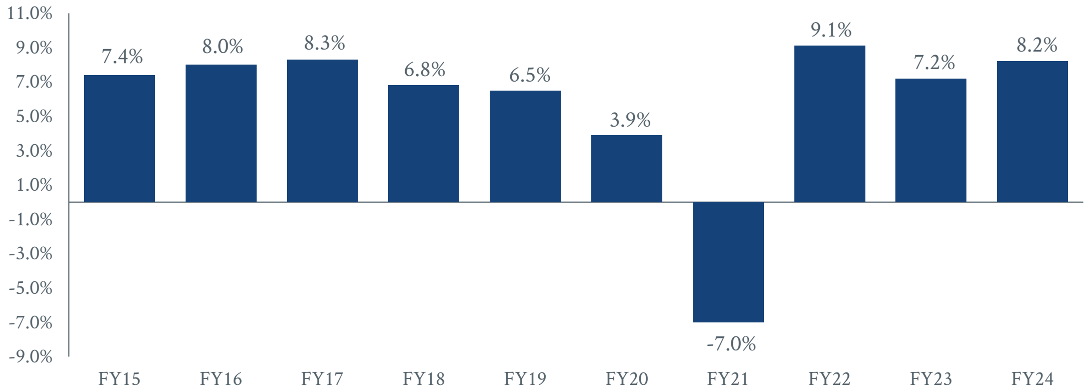
Ramco Cements, a cement manufacturer, sold as it achieved its price target.

Overall, the number of stocks in the portfolio has remained unchanged at 34 (excl. Skipper Partly Paid Shares).

INVESTMENT ENVIRONMENT

The Indian economy continued to exhibit strong growth momentum. Real GDP growth for the financial year ending March 2024 exceeded expectations at 8.2%, which was reflected in earnings growth of corporates, leading to an upgrade in forecasts by most economists. The top 500 companies listed on the National Stock Exchange saw aggregate profit growth exceeding 30% for FY24. Overall, most sectors experienced growth; however, a few were hindered by global issues including Chemicals, Metals and Information Technology. In contrast, the Consumer sector faced domestic challenges, with high inflation impacting rural demand, resulting in modest single digit growth. This underperformance is considered temporary as recovery is already evident with controlled inflation and favourable monsoon rainfall.

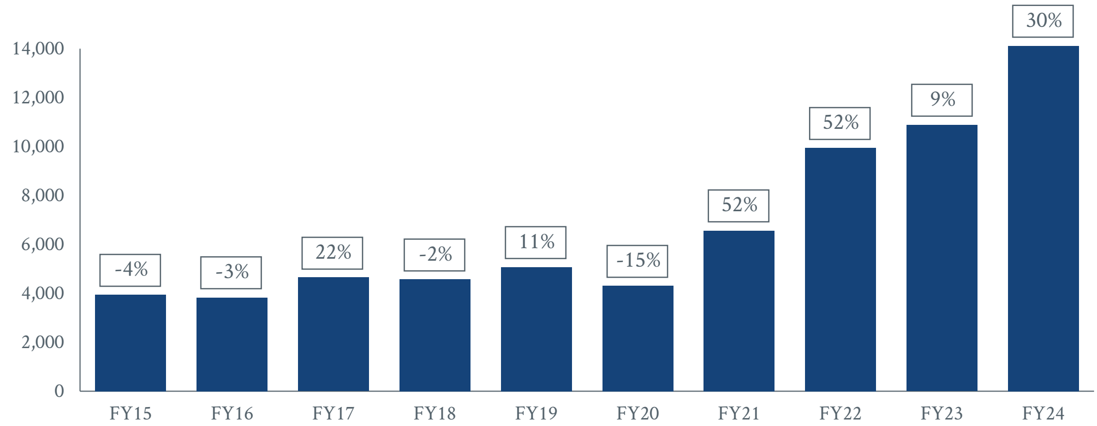
Real GDP Growth Rate



Source: Investec, Ocean Dial

INVESTMENT MANAGER'S REPORT (continued)

Nifty 500 Profit (Rs bn)



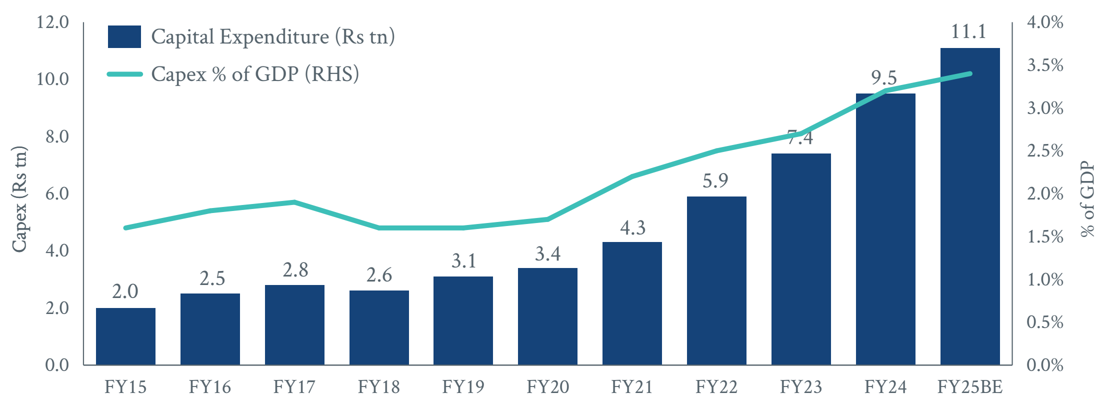
Note: % Figures in the above chart denote % growth; Source: Motilal Oswal, Ocean Dial

The domestic economy has driven performance. Reforms, coupled with government initiatives aimed at accelerating growth through increased infrastructure investments funded by the Government, and 'Make in India' policy measures directed at the private sector to incentivise manufacturing, have led to an upswing in capital expenditure investment.

India has also been a net beneficiary of the reallocation of supply chains out of China, given its large domestic market with many global companies identifying India as an alternate sourcing base. This has provided Indian companies with new export market opportunities across multiple industries, illustrated in electronic manufacturing in which Indian companies are exporting cells phones worth of over US$ 1bn per month from negligible levels last year.

The General Election, which concluded in June after 44 days of voting during April and May, was widely expected to amplify the power of the ruling BJP Government led by Mr. Modi, however although the BJP has again formed the Government, it was unable to achieve a single party majority and had to seek the support of two coalition partners. This raised concerns that the Government would now be forced to focus more on welfare schemes and pander to its coalition partners at the expense of its development agenda. Fortunately, the budget presented in the first week of July allayed these fears. The focus remains on growth, with the Government continuing to prioritise infrastructure investment. Additionally, it maintained its fiscal consolidation path with a clear focus on ensuring macro stability, thereby ensuring policy continuity. A highlight of the Budget was the initiatives announced for upskilling the population, indicating that employment creation for nearly eight million people entering the workforce every year is one of the Government's biggest priorities.

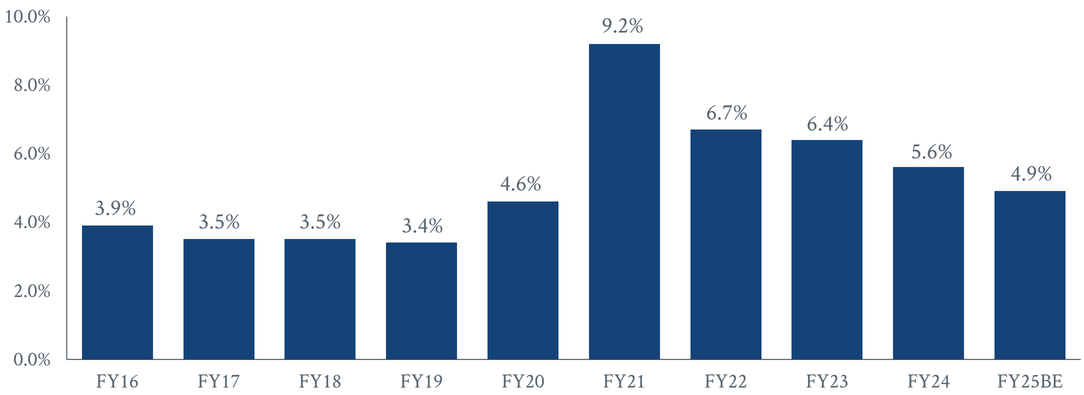
Govt. Capex tripled in last 5 years



Source: Investec, Ocean Dial

INVESTMENT MANAGER'S REPORT (continued)

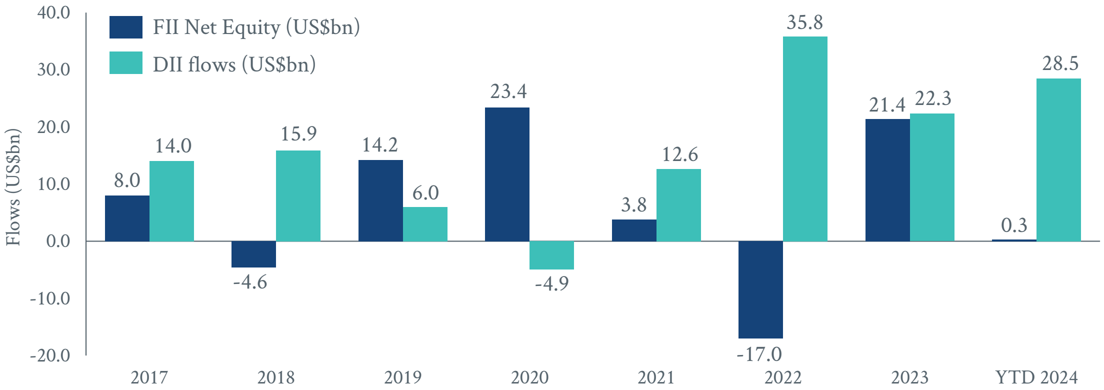
Fiscal Deficit (% of GDP)



Source: Investec, Ocean Dial

A key highlight in the first half of the year was the continued flow of domestic capital into equity markets from retail investors, directly or via Systematic Investment Plans (SIPs), Portfolio Management Schemes (PMSs) and Alternate Investment Funds (AIFs). This has led to a sustained rise in markets and concerns about valuations. During the six months to June 2024, Domestic Institutional Investors (DIIs) saw net inflows of US$28 billion. Since January 2021, these inflows have totalled approximately US$100 billion. In contrast, Foreign Institutional Investors (FIIs) have largely remained on the sidelines, with net inflows of only US$350 million in the past 6 months and a modest US$8.5 billion since January 2021

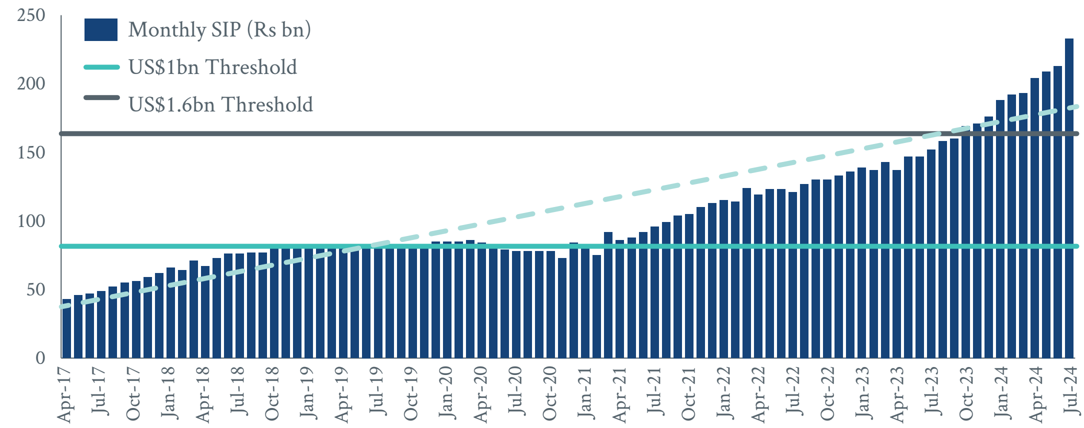
Institutional Flows over the years



Source: Investec, Ocean Dial

INVESTMENT MANAGER'S REPORT (continued)

Monthly flows through Systematic Investment Plans into Equity Mutual Funds



Source: Bloomberg, Ocean Dial

A core driver of capital flows is the development of India's digital infrastructure, which has elevated tier 3 and 4 cities. Sustained efforts by the mutual fund industry to educate residents of these smaller cities on the benefits of investing in equities has also contributed. Traditionally, household savings in these areas were invested in real estate, gold or fixed-term bank deposits, but have now shifted towards equity investing via mutual funds. These factors have led to significant personal savings flowing into equity markets. Today, the top five retail brokers by market share are new-age digital brokers, making it extremely easy to trade in the equity markets, either directly or through mutual funds. The majority of new clients for these brokers are from tier 3 and 4 cities. The number of Demat Accounts, for holding shares and securities in electronic form, has increased by 67% to 162million accounts in the last two years, reflecting the growing culture of equity investment. Despite this, today only 7% of household financial savings is invested in equities.

Regulators have raised concerns about the sustained flows. The Securities and Exchange Board of India (SEBI), the capital market regulator, has expressed concerns about excessive speculation in the derivatives segment, which has experienced high valuations. Similarly, the Reserve Bank of India (RBI), the central bank regulator, is concerned about credit growth, which is strong at 17% per annum, while bank deposit growth is only 13% per annum, leading to rising cost of funds. Part of this weaker deposit growth is being attributed to money being diverted to capital markets. Consequently, the RBI has imposed restrictions on credit to riskier asset classes, including unsecured loans, to ensure banks channel credit towards productive assets.

Strong liquidity is fostering a thriving capital market. There has been a surge in Initial Public Offerings (IPOs), with 35 IPOs raising US$ 4billion in the first half of the year, and another 55 IPOs lined up to raise significantly larger amounts. Additionally, a similar amount has been raised by listed companies through follow on offers (qualified institutional placements) to fund growth. This has helped absorb much of the liquidity and provide exits to Private Equity funds, ensuring a vibrant private capital market. Many company promoters have also used this opportunity to reduce stakes in their business.

INVESTMENT OUTLOOK

Companies largely believe the growth momentum will continue for the next three to four years. We agree that the Indian economy is well positioned, with political stability, policy continuity and a favourable macroeconomic environment. Looking ahead, execution is critical.

Our main concerns regard valuations. Most companies across sectors are trading above historical averages, reflecting this growth. Furthermore, the strong annual earnings growth exceeding 20% that the corporate sector has delivered over the past three years will be challenging to replicate given the high earnings base. This is already reflected in the lower earnings growth forecast for the markets, which are projected to range between 10-15% per annum over the next two years.

Current expectations are that GDP will continue to grow at 6-7% per annum for several years to come. The Government has set itself ambitious targets, aiming to become a US$7 trillion economy by 2030 (US$3.4 trillion at present) with a vision to turn India into a developed nation by 2047 with a GDP of US$30 trillion

Ocean Dial Asset Management

11 September 2024

DIRECTORS' REPORT

The Directors present their interim report and the unaudited condensed financial statements of the Company for the period from 1 January 2024 to 30 June 2024.

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 30 June 2024, the Company has one wholly owned Mauritian subsidiary, ICG Q Limited ("ICGQ"). The Company has an unlimited life, although a redemption facility has been put in place following the passing of a shareholders' resolution at a General Meeting on 12 June 2020. The next date at which shareholders will be able to request the redemption of some or all of their shares is scheduled to be on 31 December 2025, with a record date of 30 September 2025.

GROUP STRUCTURE

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

INVESTMENT POLICY

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

The portfolio concentration ranges between 30 and 40 stocks; however, to the extent the Company grows, the number of stocks held may increase over time. The Company is subject to the following investment limitations.

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

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

The Board of Directors of the Company does not intend to use derivatives for investment purposes. The Directors confirm the investment policy of the Company has been complied with throughout the period from 1 January 2024 to 30 June 2024.

The Principal Risks and Uncertainties outlined on pages 14 to 17 in the 2023 Annual Report remain unchanged for the period to date with the exception of Emerging Risks.

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

The Principal Risks fall into the following broad categories:

- **Investment performance risk**: The Company's long-term growth is dependent upon the performance of its investment portfolio. Consequently, if the portfolio fails to perform in line with the investment objectives and policy, has long-term negative ESG impact, and if the companies in the portfolio perform poorly or markets

DIRECTORS' REPORT (continued)

move adversely, especially over an extended period, it may jeopardise the long-term future of the Company. The Board reviews reports from the Investment Manager at each quarterly Board meeting, paying particular attention to the constitution of the portfolio, its liquidity and its attribution by sector and weighting compared to the BSE Mid Cap Total Return Index.

- **Environmental and Social ("E&S") impact risk**: The potential loss or harm directly or indirectly resulting from environmental and social factors that impact the Company, its investors and its service providers, and the consequential impact on the environment and society. E&S impact risk is a transverse risk that impacts our other risks: investment performance risk, currency and emerging market risk, operational non-financial risk, legal and regulatory risk and reputation risk. Our investment manager has developed a qualitative scoring model which measures climate and other environmental impacts and the reporting thereof by the Company's investment portfolio companies. Further details are included in the Company's report on Sustainability and ESG on pages 12 to 13. The Investment Manager has a team on the ground in India who keep abreast of the latest political developments and economic forecasts and regularly advise the Board thereof.

- **Operations and systems risk**: The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Investment Manager, the Administrator, or the Company's other service providers. Under normal circumstances members of the Audit & Risk Committee visit the Investment Manager annually to perform a due diligence review of its controls and the Board receives reports annually from the Administrator on their internal controls.

- **Accounting, legal and regulatory risk**: The Company is at risk if it fails to comply with the laws and regulations applicable to a company with a premium listing on the Main Market of the London Stock Exchange and the Guernsey, Mauritian and Indian laws and regulations or if it fails to maintain accurate accounting records. The Investment Manager and Administrator provides the Board with regular reports on changes in regulations and accounting requirements.

- **Multi-jurisdictional taxation risk**: The Company is at risk of additional taxation charges from several geographical jurisdictions in which the Company, its service providers or companies in its investment portfolio reside. The risk that appropriate tax residency is not maintained may result from poor administration or from changes in Government policy. The board receives quarterly updates from the Investment Manager and the Administrator who is responsible for tax residence administration. Note 10 to the financial statements details key taxation risks and their impact upon the Company.

- **Financial risk**: Significant market, foreign currency, credit and liquidity risks faced by the Company are set out in note 10 to the financial statements. These risks and their mitigation controls are reviewed at each quarterly Board meeting.

- **Redemption Facility and associated risk**: The third Redemption facility where shareholders will be able to request the redemption of some or all of the shares will be 31 December 2025. There is therefore a possibility that redemption requests may impair the future viability of the Company. This creates material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. However, based upon the investment performance of the Company to date, and that shares have been issued at a premium to NAV to satisfy increased demand, the Board believes shareholder redemptions at the next scheduled Redemption Facility on 31 December 2025 are likely to be at such a level not to impact the going concern of the Company.

- **Emerging risks**: Risks that emerge unexpectedly, and in some cases quite quickly, can have an economic impact upon the Company. In particular significant geopolitical conflicts such as the Russia/Ukraine conflict and Israel/Palestine conflict can disrupt global supply chains and the Indian economy and listed companies. The Board assesses and monitors these risks as and when they develop so, if necessary, controls and procedures can be implemented to mitigate against their economic impact upon the Company. During the year, there were no changes to the emerging risks identified, and no new procedures were implemented.

- **Cybersecurity, data security breach and related criminal activity risk**: The Company is exposed to the risk of criminal attacks on its data and systems held and managed by its service providers. Cybersecurity controls at all service providers are reviewed on a regular basis.

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

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The Company's performance during the period is discussed in the Investment Manager's report on pages 3 to 7.

The results for the period are set out in the unaudited condensed statement of comprehensive income on page 18.

Consistent with the Company's investment policy of providing long term capital appreciation, the Directors do not recommend the payment of a dividend for the period ended 30 June 2024 (2023: £nil).

GOING CONCERN

The Board made an assessment of the Company's ability to continue as a going concern for the twelve months from the date of approval of these unaudited condensed 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, ICGQ (80.1% 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 net asset value of the Company exceeded £100m throughout the year); the level of operating expenses covered by highly liquid investments held in the portfolio (operating expenses are more than 50 times covered by highly liquid investments); and the length of time to remit funds from India to Mauritius and Guernsey to settle ongoing expenses (no more than 10 working days to have investments liquidated and sterling funds in Guernsey).

Given the Company's previous performance, the Directors proposed a continuation ordinary resolution at the Extraordinary General Meeting held on 12 June 2020, at which the Shareholders approved that the Company continue as currently constituted and introduce a redemption facility which gives the ordinary shareholders the ability to redeem part or all of their shareholding at a Redemption Point every two years. The first Redemption Point was on 31 December 2021 when a net 15,408,872 shares (13.9% of the then issued share capital) were redeemed under the redemption facility at a total cost of £19.5m in accordance with the announced timetable.

The second redemption point was on 31 December 2023 when valid redemption requests were received in respect of 15,159,876 ordinary shares (15.7% of the then issued share capital) which were subsequently redeemed under the redemption facility at a total cost of £26.5m in accordance with the announced redemption price on 8 January 2024. 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.

Since the year end the Company has issued over 5.8m shares from Treasury at a premium to NAV raising over £10.5m in new capital, and bought back shares at a significant discount to NAV. As at 31 July 2024 the Company's net asset value remains strong at £176.6m and the discount of the share price to NAV is 9.4%.

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

OUTLOOK

The investment philosophy of the Company is that in India, optimal returns will be generated over time by investing in companies that are well placed to benefit from the structural growth potential of the Indian economy. Whilst uncertainties remain the future outlook for the portfolio investee companies remains generally strong. This is reflected in the fact that the NAV of the Company has increased over the two months since the period end.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The ongoing development of internal ESG capabilities and reporting by the Manager continues and is supported by the Directors. The Company's report on Sustainability and ESG is provided on pages 12 and 13.

SUBSTANTIAL INTERESTS

Shareholders who have reported they held an interest of 3% or more of the Ordinary Share Capital of the Company at 31 August 2024, being the latest date such data is available, are stated in the table below:

	Number of shares	% holding
Hargreaves Lansdown	18,578,959	21.46%
Interactive Investor	15,909,687	18.38%
AJ Bell	6,480,312	7.49%
West Yorkshire Pension Fund	4,677,028	5.40%
JM Finn	3,845,576	4.44%
Charles Stanley	2,994,062	3.46%

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

DIRECTORS' REPORT (continued)

DIRECTORS

The names of the Directors of the Company are set out on page 1. Elisabeth Scott, Patrick Firth, Lynne Duquemin and Nick Timberlake served throughout the period and to date.

DIRECTORS' INTERESTS

At 30 June 2024, Directors and their immediate families held the following declarable interests in the Company:

	Ordinary shares 30.06.24	Ordinary shares 30.06.23	Ordinary shares 31.12.23
Elisabeth Scott	**50,000**	50,000	50,000
Patrick Firth	**25,000**	25,000	25,000
Lynne Duquemin	**19,125**	19,125	19,125
Nick Timberlake	**50,000**	50,000	50,000

At the time of signing this report, there has been no change to the above Director shareholding.

ONGOING CHARGES

In accordance with the recommended methodology set out by the Association of Investment Companies ("AIC"), the ongoing charges ("OC") of the Company and its subsidiary for the period ended 30 June 2024 were 1.67% based on an average AUM of £159,359,953 (30 June 2023: 1.60% based on an average AUM of £133,293,000 and 31 December 2023: 1.57% based on an average AUM of £148,384,000).

Approved by the Board of Directors and signed on behalf of the Board on 11 September 2024.

Lynne Duquemin **Patrick Firth**
11 September 2024

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (ESG)

The Board recognises its responsibilities for reporting on ESG and intends to progress towards compliance with the Listing Requirements to report on the four pillars of Governance, Strategy, Risk Management and Metrics & Targets with the assistance and support of the Investment Manager, upon whom the Board is reliant to deliver this ESG reporting of the Company.

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").

A successful future for the Company and our investors depends on the sustainability of the environment, communities and economies in which the Company, its service providers and portfolio investment companies operate, particularly in India. The Board and its Investment Manager seek to understand the impact that environmental and social factors have on the business environment, clients, portfolios and operations. With this understanding, the Board is better positioned to make informed strategic decisions. Consequently, we believe in engagement and long-term ownership both in respect of our own shareholders and the investment approach adopted by our Investment Manager, to drive investment performance and to contribute to positive change to build a sustainable future. We and our Investment Manager believe that companies with strong management 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 due diligence process implemented by the Investment Manager. When assessing the sustainability risks associated with underlying investments, the Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition. Sustainability risks are generally incorporated into the Investment Manager's evaluation of an issuer's investment risk or return, across all asset classes, sectors, and markets in which the Company invests.

The Investment Manager believes that sound governance is an essential element of a Company's long-term sustainability and growth, and that detailed analysis beyond financial data is required to understand the true characteristics of a potential underlying investment. This includes, but is not limited to, conviction in the alignment of interest between the owners, managers and minority shareholders of a business, the nature and extent of the true independence of the Board and its specialist sub-committees, capital allocation and dividend policies, tax treatment, key man risk and succession planning. Governance plays a central role in the investment philosophy of the Investment Manager, and it naturally veers away from certain sectors where practical issues of "getting business done" within India can undermine good governance. These sectors, including those such as Real Estate, Public Sector Banks and Infrastructure Projects, 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 may create unforeseen financial uncertainty. These include tobacco, alcohol, gambling and defence equipment manufacturers of all descriptions.

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

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Social factors considered in the ESG assessment include:

- 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

Additionally, as part of its commitment to ESG & sustainability in its investment approach, the Investment Manager is a signatory to the UN Principles of Responsible Investing and has appointed a dedicated ESG co-ordinator to implement its ESG investment strategy.

ENGAGEMENT

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

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 ICGF 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 the ICGF Investment team for guidance on aspects of best practice. In turn the team looks to influence their thinking positively in respect of ESG matters.

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

We confirm that to the best of our knowledge:

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

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

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

Signed on behalf of the Board by:

Lynne Duquemin
11 September 2024

Patrick Firth

PRINCIPAL INVESTMENTS

AS AT 30 JUNE 2024

HOLDING	Market cap size	Sector	Value £000	% of portfolio
Dixon Technologies	L	Consumer Discretionary	12,026	6.6%
Federal Bank	M	Financials	10,029	5.5%
Emami	M	Consumer Staples	8,908	4.9%
Skipper	S	Industrials	7,548	4.2%
IDFC Bank	M	Financials	7,141	3.9%
Ramkrishna Forgings	S	Materials	7,129	3.9%
Neuland Laboratories	S	Health Care	7,097	3.9%
RBL Bank	S	Financials	6,543	3.6%
PI Industries	M	Materials	5,943	3.3%
Sona BLW Precision Forgings	M	Consumer Discretionary	5,912	3.3%
Indusind Bank	L	Financials	5,777	3.2%
Persistent Systems	M	Information Technology	5,612	3.1%
Affle India	M	Communication Services	5,479	3.0%
JK Lakshmi Cement	S	Materials	5,222	2.9%
Welspun India	S	Consumer Discretionary	4,903	2.7%
Multi Commodity Exchange	M	Financials	4,762	2.6%
Kajaria Ceramics	M	Industrials	4,643	2.5%
Balkrishna Industries	M	Consumer Discretionary	4,531	2.5%
City Union Bank	S	Financials	4,507	2.5%
VIP Industries	S	Consumer Discretionary	4,502	2.5%
Total top 20 portfolio investments			**128,214**	**70.6%**

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

Market capitalisation size definitions:

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

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

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

PORTFOLIO STATEMENT

AS AT 30 JUNE 2024

HOLDING	Market cap size	Nominal	Value £000	% of NAV
LISTED SECURITIES				
Communication Services				
Affle India	M	430,000	5,479	3.0%
			5,479	3.0%
Consumer Discretionary				
Bajaj Electricals	S	348,734	3,494	1.9%
Balkrishna Industries	M	148,000	4,531	2.5%
Dixon Technologies	L	105,948	12,026	6.6%
Gokaldas Exports	S	393,838	3,510	1.9%
Sona BLW Precision Forgings	M	972,714	5,912	3.3%
Vedant Fashions	M	241,638	2,410	1.3%
VIP Industries	S	978,853	4,502	2.5%
Welspun India	S	3,365,000	4,903	2.7%
			41,288	22.7%
Consumer Staples				
CCL Products India	S	727,883	4,080	2.3%
Emami	M	1,363,000	8,908	4.9%
Jyothy Laboratories	S	815,000	3,335	1.8%
			16,323	9.0%
Financials				
City Union Bank	S	2,845,000	4,507	2.5%
Cholamandalam Investment and Finance Company	L	175,000	2,362	1.3%
Federal Bank	M	5,967,000	10,029	5.5%
IDFC Bank	M	9,167,000	7,141	3.9%
Indusind Bank	L	416,000	5,777	3.2%
Multi Commodity Exchange	M	128,000	4,762	2.6%
RBL Bank	S	2,624,000	6,543	3.6%
			41,121	22.6%
Healthcare				
Aether Industries	S	417,124	3,649	2.0%
GPT Healthcare	S	2,200,000	3,148	1.7%
Neuland Laboratories	S	100,000	7,097	3.9%
			13,894	7.6%

PORTFOLIO STATEMENT (continued)

HOLDING	Market cap size	Nominal	Value £000	% of NAV
Industrials				
Container Corporation of India	M	225,000	2,223	1.2%
Kajaria Ceramics	M	347,698	4,643	2.6%
PSP Projects	S	608,254	3,955	2.2%
Skipper	S	2,270,334	7,548	4.2%
Skipper Partly Paid	S	464,838	880	0.5%
Triveni Turbine	M	576,113	3,390	1.9%
Uniparts India	S	655,339	3,250	1.8%
			25,889	14.4%
IT				
Persistent Systems	M	139,536	5,612	3.1%
			5,612	3.1%
Materials				
Essel Propack	S	1,867,099	3,506	1.9%
JK Lakshmi Cement	S	623,000	5,222	2.9%
PI Industries	M	165,000	5,943	3.3%
Ramkrishna Forgings	S	844,794	7,129	3.9%
Sagar Cements	S	1,611,000	3,829	2.1%
			25,629	14.1%
Total equity investments (including those held by ICG Q Limited)			**175,235**	**96.5%**
Cash less other net current liabilities			6,402	3.5%
Total Net Assets (before deferred tax provision for India CGT)			**181,637**	**100.0%**
Deferred tax provision for Indian CGT			(8,709)	
Total Net Assets (after deferred tax provision for India CGT)			**172,928**	

Market capitalisation size definitions:

L: Large cap – companies with a market capitalisation above US$8bn	11.1%
M: Mid cap – companies with a market capitalisation between US$2bn and US$8bn	39.1%
S: Small cap – companies with a market capitalisation below US$2bn	46.3%
	96.5%

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

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS TO 30 JUNE 2024

	Notes	Revenue £000	Capital £000	Unaudited Six months to 30.06.24 Total £000	Unaudited Six months to 30.06.23 Total £000	Audited Year to 31.12.23 Total £000
Income						
Dividend income		**202**	-	**202**	33	144
Net gain on financial assets at fair value through profit or loss ("FVTPL")	5	-	**16,261**	**16,261**	10,894	40,169
Investment management fees	1	**761**	-	**761**	760	1,702
Total income		**963**	**16,261**	**17,224**	11,687	42,015
Expenses						
Operating expenses	3	**(392)**	-	**(392)**	(256)	(538)
Transaction costs		**(56)**	-	**(56)**	(23)	(55)
Foreign exchange loss		**(196)**	-	**(196)**	(258)	(386)
Investment management fees	1	**(925)**	-	**(925)**	(760)	(1,702)
Total expenses		**(1,569)**	-	**(1,569)**	(1,297)	(2,681)
Profit for the period/year before taxation		**(606)**	**16,261**	**15,655**	10,390	39,334
Taxation	6	**(43)**	**(459)**	**(502)**	(140)	(726)
Total comprehensive income for the period/ year after taxation		**(649)**	**15,802**	**15,153**	10,250	38,608
Earnings per Ordinary Share (pence)	4			**17.40**	10.62	40.01
Fully diluted earnings) per Ordinary Share (pence)	4			**17.40**	10.62	**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 and all the items in the above statement derive from continuing operations.

The notes on pages 22 to 30 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	Unaudited 30.06.24 £000	Unaudited 30.06.23 £000	Audited 31.12.23 £000
Non-current assets				
Financial asset designated at fair value through profit or loss ("FVTPL")	5	**169,216**	139,934	169,649
Current assets				
Cash and cash equivalents		**4,877**	6,091	5,009
Other receivables and prepayments		**623**	173	191
		5,500	6,264	5,200
Current liabilities				
Payables and accruals		**(236)**	(239)	(254)
Net current assets		**5,264**	6,025	4,946
Non-Current liabilities				
Deferred Taxation	6	**(1,552)**	(530)	(1,093)
Net assets		**172,928**	145,429	173,502
Equity				
Share capital	8	**868**	965	963
Reserves		**172,060**	144,464	172,539
Total equity		**172,928**	145,429	173,502
Number of Ordinary Shares in issue	8	**86,811,872**	96,515,653	96,330,656
Net Asset Value per Ordinary Share (pence) - Undiluted and diluted		**199.20**	150.68	180.11

The unaudited condensed interim financial statements on pages 18 to 21 were approved by the Board of Directors on 11 September 2024 and signed on its behalf by:

Lynne Duquemin **Patrick Firth**

The notes on pages 22 to 30 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS TO 30 JUNE 2024

	Notes	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		-	15,802	-	-	15,802
Issue of shares		63	-	-	11,390	11,453
Redemption of shares		(158)	-	-	(27,022)	(27,180)
Total comprehensive loss for the period		-	-	-	(649)	(649)
Balance as at 30 June 2024		**868**	**126,858**	**(10,524)**	**55,726**	**172,928**

FOR THE SIX MONTHS TO 30 JUNE 2023

	Notes	Share capital £000	Capital reserve £000	Revenue reserve £000	Other distributable reserve £000	Total £000
Balance as at 1 January 2023		965	71,583	(10,524)	73,155	135,179
Gain on investments		-	10,761	-	-	10,761
Total comprehensive loss for the period		-	-	-	(511)	(511)
Balance as at 30 June 2023		**965**	**82,344**	**(10,524)**	**72,644**	**145,429**

FOR THE YEAR TO 31 DECEMBER 2023

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

The notes on pages 22 to 30 form part of these financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS TO 30 JUNE 2024

	Unaudited 30.06.24 £000	Unaudited 30.06.23 £000	Audited 31.12.23 £000
Cash flows from operating activities			
Operating profit	**15,655**	10,390	39,334
Adjustment for:			
Net gain on financial asset at FVTPL	**(16,261)**	(10,894)	(40,169)
Foreign exchange loss	**196**	258	386
Dividend income	**(202)**	(33)	(144)
Increase in other receivables and prepayments	**(432)**	(432)	(33)
(Decrease)/increase in payables and accruals	**(18)**	25	40
Cash used in operations	**(1,062)**	(269)	(586)
Tax paid	**(43)**	(7)	(30)
Net cash used in operating activities	**(1,105)**	(276)	(616)
Cash flows from investing activities			
Dividend received	**202**	33	144
Acquisition of investments	**(34,544)**	(6,824)	(19,471)
Disposal of investments	**51,238**	12,770	24,977
Net cash generated from investing activities	**16,896**	5,979	5,650
Cash flows from financing activity			
Issue of shares	**11,453**	-	-
Redemption of shares	**(27,180)**	-	(285)
Net cash used in financing activities	**(15,727)**	-	(285)
Net increase in cash and cash equivalents during the period/year	**5,703**	(1,303)	(1,929)
Cash and cash equivalents at the start of the period/year	**5,009**	646	646
Effects of foreign exchange fluctuations on cash and cash equivalents	**(196)**	(258)	(386)
Cash and cash equivalents at the end of the period/year	**4,877**	6,091	5,009

The notes on pages 22 to 30 form part of these financial statements.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS TO 30 JUNE 2024

1. ACCOUNTING POLICIES

Basis of accounting

The unaudited condensed financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS Accounting Standards') as adopted by the UK, IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2023.

Basis of preparation

The unaudited condensed financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2023, which were prepared under full IFRS requirements.

Changes in accounting policies

New and revised standards

The following standards and interpretations (some of which are amendments to existing standards) are effective for the first time for the financial period beginning on or after 1 January 2024:

- Presentation of Financial Statements - Amendments to IAS 1: Classification of Liabilities as Current or Non-current and non-current liabilities with covenants (applicable for annual periods beginning on or after 1 January 2024)
- Statement of cash flows - Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (applicable for annual periods beginning on or after 1 January 2024)

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

Standards and interpretations published, but not yet effective for the annual period beginning on 1 January 2024:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurements of Financial instruments (applicable for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027)

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

Going concern

The Directors are satisfied that the Company has sufficient liquid resources to continue in business for the next twelve months, therefore the unaudited condensed financial statements have been prepared on a going concern basis. See the Report of the Directors for further details.

Outlook

The investment philosophy of the Company is that in India, optimal returns will be generated over time by investing in companies that are well placed to benefit from the structural growth potential of the Indian economy. Whilst uncertainties remain the future outlook for the portfolio investee companies remains generally strong. This is reflected in the fact that the NAV of the Company has remained steady at £176.6m as at 31 July 2024.

Determination of functional currency

'Functional currency' is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Determination of functional currency (continued)

The Company's investments and transactions are denominated in United States Dollar and Indian Rupee. The primary objective of the Company is to generate returns and capital growth in Great British Pounds (GBP) for the benefit of its shareholder. The assets and liabilities of the Company and the cash flows are predominantly GBP denominated. The Company's performance is also evaluated in GBP. The determination of the Company's functional currency is determined based on management's significant judgement in assessing the economic environment in which the Company operates.

Accordingly, management has to exercise significant judgement in determining the functional currency resulting from use of different foreign currencies in the Company's operations.

Investment management fees

Investment management fees are receivable from ICGQ and payable to Ocean Dial Asset Management Limited. In previous reporting periods, both the investment management fee payable and the investment management fee receivable have been the same, and as such, had a net nil effect on the Statement of Comprehensive Income. From January 2024, the method of calculation for these fees has been updated. Investment management fees receivable from ICGQ are calculated based on the NAV of ICGQ. 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 net asset value calculated on a daily basis and payable monthly. Investment management fees received in the period ended 30 June 2024 totalled £761k (31 December 2023: £1,702k, 30 June 2023: £760k). Investment management fees paid in the period ended 30 June 2024 totalled £925k (31 December 2023: £1,702k, 30 June 2023: £760k).

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Directors make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results.

Critical accounting judgements

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

An investment entity is defined as an entity that:

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

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

Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OPERATING EXPENSES

	Unaudited Six months to 30.06.24 £000	Unaudited Six months to 30.06.23 £000	Audited Year to 31.12.23 £000
Administration and secretarial fees	**46**	39	84
Audit fee	**36**	34	52
Broker fee	**15**	8	23
D&O insurance	**4**	4	8
Directors' fees and expenses	**74**	57	126
General expenses	**18**	22	60
Marketing expenses	**48**	47	88
Other professional fees	**123**	22	45
Registrar fee	**13**	4	7
Regulatory fees	**15**	19	45
	392	256	538

4. EARNINGS PER SHARE

Earnings per Ordinary Share and the fully diluted profit per share are calculated on the profit for the period of £15,152,985 (30 June 2023 – profit of £10,249,475) divided by the weighted average number of Ordinary Shares of 87,086,286 (30 June 2023 – 96,515,653) is £17.40.

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

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

	Unaudited Six months to 30.06.24 Total £000	Unaudited Six months to 30.06.23 Total £000	Audited Year to 31.12.23 Total £000
Fair value at beginning of year	**169,649**	134,986	134,986
Disposal of investments	**(51,238)**	(12,770)	(24,977)
Acquisition of investments	**34,544**	6,824	19,471
Realised gain on disposal of investments	**27,598**	7,930	17,181
Unrealised (loss)/gain on revaluation	**(11,337)**	2,964	22,988
Fair value at end of period/year	**169,216**	139,934	169,649

The net realised and unrealised gain totalling £16,261,000 (30 June 2023: gain of £10,894,000) on financial assets at FVTPL comprise of gains on the Company's holding in ICG Q Limited to the extent of £12,096,000 (30 June 2023: gain of £10,098,000) and gains of £4,165,000 (30 June 2023: gain of £796,000) 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 on the next page:

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Unaudited Six months to 30.06.24 Total £000	Unaudited Six months to 30.06.23 Total £000	Audited Year to 31.12.23 Total £000
Dividend income	**247**	337	959
Unrealised (loss)/gain on financial assets at FVTPL	**(3,524)**	6,556	24,310
Foreign exchange gain/(loss)	**1,025**	3	(2,612)
Realised gain on disposal of investments	**16,118**	5,206	19,035
Investment management fee	**(761)**	(760)	(1,702)
Other operating expenses	**(49)**	(45)	(91)
Withholding tax on dividend income	**(52)**	(70)	(197)
Deferred taxation for Indian Capital Gains Tax	**680**	(954)	(2,697)
Other Taxes	**(1,599)**	(150)	(1,511)
Transaction costs	**(64)**	(25)	(82)
Other income	**75**	-	-
Net gain of ICG Q Limited	**12,096**	10,098	35,412

The equity investment represents holdings in listed securities in India and in ICG Q Limited, the Company's wholly owned subsidiary. ICG Q Limited is incorporated and has its principal place of business in the Republic of Mauritius. The Company holds Participating Shares in ICG Q Limited, which confer voting rights to the Company, hence controlling interests. As described in the statutory accounts of the Company for the year ended 31 December 2023, the Company qualifies as an investment entity under IFRS 10. It therefore does not consolidate its investment in ICG Q Limited.

6. TAXATION

Guernsey

India Capital Growth Fund Limited is exempt from taxation in Guernsey on non-Guernsey sourced income. The Company is exempt under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended) and paid the annual exemption fee of £1,200. For the period ended 30 June 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 April 2020, the Company and its subsidiary, ICGQ Limited, have been subject to both short and long term capital gains tax in India on the growth in value of their investment portfolios. With effect from 22 July 2024 the short-term Indian CGT rate increased from 15% to 20% and the long-term Indian CGT rate increased from 10% to 12.5%. Although this additional tax only becomes payable at the point at which the underlying investments are sold and profits crystallised, the Company and its subsidiary must accrue for this additional cost as a deferred taxation liability, notwithstanding that they seek to minimise the impact of these taxation rates applicable to capital gains by maintaining its investment strategy of investing in a concentrated portfolio for long-term capital appreciation. The deferred taxation liability relating to Indian capital gains tax for the Company was £1,552,000 at 30 June 2024 (30 June 2023: £530,000) (31 December 2023: £1,093,000) and for its subsidiary was £7,153,000 at 30 June 2024 (30 June 2023: £5,136,000) (31 December 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 period ended 30 June 2024 was £43,000 (30 June 2023: £7,000) and for its subsidiary was £52,000 (30 June 2023: £70,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. SEGMENTAL INFORMATION

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities 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 Interim Report as elaborated in the Directors' Report to disclose the underlying information.

8. SHARE CAPITAL

Authorised Share Capital

Unlimited number of Ordinary Shares of £0.01 each

Issued share capital	Number of shares	Share capital £000
At 30 June 2024	**86,811,872**	**868**
At 30 June 2023	96,515,653	965
At 31 December 2023	96,330,656	963

The Ordinary Shares of the Company carry the following rights:

(i) The holders of Ordinary Shares have the right to receive in proportion to their holdings all the revenue profits of the Company (including accumulated revenue reserves) attributable to the Ordinary Shares as a class available for distribution and determined to be distributed by way of interim and/or final dividend at such times as the Directors may determine.
(ii) On winding-up of the Company, after paying all the debts attributable to and satisfying all the liabilities of the Company, holders of the Ordinary Shares shall be entitled to receive by way of capital any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings.
(iii) Subject to any special rights or restrictions for the time being attached to any class of shares, on a show of hands every member present in person has one vote. Upon a poll every member present in person or by proxy has one vote for each share held by him

Treasury shares

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

	Number of shares	Treasury shares £000
Ordinary shares held in treasury as at 31 December 2023	**30,906,517**	
Issue of shares held in treasury	(5,828,500)	(9,173)
Buy-back of shares held in treasury	612,284	985
Ordinary shares held in treasury as at 30 June 2024	**25,690,301**	
Activity up to 30 June 2023	15,986,520	160
Activity up to 31 December 2023	184,997	285

Other distributable reserves

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables show financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The analysis as at 30 June 2024 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	56,076	-	-	56,076
Unlisted securities	-	113,140	-	113,140
	56,076	**113,140**	**-**	**169,216**

The analysis as at 30 June 2023 is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Listed securities	19,122	-	-	19,122
Unlisted securities	-	120,812	-	120,812
	19,122	120,812	-	139,934

The analysis as at 31 December 2023 is as follows:

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

The Company's investment in ICG Q Limited, the Company's wholly owned unlisted subsidiary, is priced based on the subsidiary's net asset value as calculated as at the reporting date. The Company has the ability to redeem its investment in ICG Q Limited at the net asset value at the measurement date therefore this is categorised as Level 2. 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 30 June 2024 and 2023. There have been no transfers between levels during the period. The period-end fair value of those investments, together with cash held in ICG Q Limited, comprise all but an insignificant proportion of the net asset value of the subsidiary.

The Board has agreed with the Manager a gradual reduction in Company holdings in ICG Q in order to streamline the structure and reduce overall costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. FINANCIAL INSTRUMENTS AND RISK PROFILE

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

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

Capital management

The Company is a closed-ended investment company and thus has a fixed capital for investment. It has no legal capital regulatory requirement. The Board has the power to purchase shares for cancellation thus reducing capital and the Board considers on a regular basis whether it is appropriate to exercise such powers. In the period ended 30 June 2024, the Board determined that it was inappropriate to exercise such powers, although continuation of these powers will be sought at the next Annual General Meeting.

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

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

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

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

Market risk

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

The Group's investment portfolio is exposed to market price fluctuations, including the impact of inflation, which are monitored by the Investment Manager in pursuit of the investment objectives and policies and in adherence to the investment guidelines and the investment and borrowing powers set out in the Admission Document. The Group's investment portfolio is concentrated and, as at 30 June 2024, comprised investment in 35 companies. Thus, the Group has higher exposure to market risk in relation to individual stocks than more broadly spread portfolios.

The Group's investment portfolio consists predominantly of mid cap and small cap listed Indian securities, and thus the effect of market movements is not closely correlated with the principal market index, the BSE Sensex. The BSE Mid Cap Total Return Index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio. Assuming perfect correlation, the sensitivity of the Group's investment portfolio to market price risk can be approximated by applying the percentage of funds invested (31 December 2023: 96.5%; 30 June 2023: 94.7%) to any movement in the BSE Mid Cap Total Return Index. At 30 June 2024, with all other variables held constant, this approximation would produce a movement in the net assets of the Group's investment portfolio of £17,523,492 (30 June 2023: £14,303,000) for a 10%

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

(30 June 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 comprises of predominantly of Rupee denominated investments but reporting, and in particular the reported Net Asset Value, is denominated in Sterling. Any appreciation or depreciation in the Rupee would have an impact on the performance of the Company. The underlying currency risk in relation to the Group's investment portfolio is the Rupee. The Group's policy is not to hedge the Rupee exposure.

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

At 30 June 2024, if the Indian Rupee had strengthened or weakened by 10% (30 June 2023: 10%) against Sterling with all other variables held constant, pre-tax profit for the period would have been £18,897,800 (30 June 2023: £12,600,600) 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 Group. Credit risk in relation to securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are effected against binding subscription agreements.

The principal credit risks are in relation to cash held by the custodian. Kotak Mahindra Bank Limited ("Kotak") acts as the custodian to the Group. The aggregate exposure to Kotak at 30 June 2024 was £4,058,943 (30 June 2023: £5,498,841). (31 December 2023: £65,379).

Kotak acted as custodian of the Group's assets during the period. The securities held by Kotak as custodian are held in trust and are registered in the name of the Group. Kotak has a credit rating of AAA (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, which may take time to realise. 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 effect a disposal of any investment in ICG Q Limited's investment portfolio at the prevailing market price and the distribution of proceeds back to the Company should it so wish.

All liabilities are current and due on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Financial instruments and risk profile (continued)

Taxation risk

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

However, with effect from April 2017, the DTAA was amended such that the advantages of investing in India via Mauritius were removed and capital gains arising from investments in Indian companies are subject to Indian Capital Gains Tax ("CGT") 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 fully in each Annual Report.

The Investment Manager is entitled to receive a management fee payable jointly by the Group equivalent to 1.25% per annum of market capital value, calculated and payable monthly in arrears. The Investment Manager earned £761,000 in management fees during the six months ended 30 June 2024 (six months ended 30 June 2023: £760,000 and year ended 31 December 2023: £1,702,000) of which £108,000 was outstanding at 30 June 2024 (30 June 2023: £136,000 and 31 December 2023: £162,000).

Under the terms of the Administration Agreement, Apex Fund and Corporate Services (Guernsey) Limited is entitled to a minimum annual fee of US$41,000 or a flat fee of 5 basis points of the NAV of the Company, whichever is greater.

The Administrator is also entitled to reimbursement of all out of pocket expenses. The Administrator earned £46,000 for administration and secretarial services during the six months ended 30 June 2024 (six months ended 30 June 2023: £39,000 and year ended 31 December 2023: 84,000) of which £22,000 was outstanding at 30 June 2024 (30 June 2023: £18,000 and 31 December 2023: £23,000).

12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2024 and the date of approving these financial statements.

13. SUBSEQUENT EVENTS

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the unaudited financial statements for the period ended 30 June 2024.

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