ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE PERIOD FROM 11 MAY 2018 TO 30 JUNE 2019

Contents

Investment Objective, Financial Information and Performance Summary

Investment Objective

The investment objective of the Company is to achieve long-term capital appreciation, mainly through investment in securities listed in India and listed securities of companies with a significant presence in India.

Financial information

	As at 30 June 2019
Net asset value ('NAV') per Ordinary Share (cum income)	108.8p
Ordinary Share price	109.0p
Ordinary Share price premium to NAV[1]	0.2%
Net assets	£54.5 million

Performance summary[1]

	% change[2,3]
NAV total return per Ordinary Share	+11.0%
Share price total return per Ordinary Share	+9.0%
MSCI India IMI Index	+10.1%

1 These are Alternative Performance Measures for the period from commencement of operations on 6 July 2018 to 30 June 2019. Share price total return is based on an opening share price of 100p and NAV total return is based on an opening NAV after launch expenses of 98.0p per Ordinary Share.
2 Total returns in Sterling for the period
3 Source: Bloomberg

Alternative Performance Measures ('APMs')

The disclosures as indicated in the footnote above are considered to represent the Company's APMs. Definitions of these APMs and other performance measures used by the Company, together with how these measures have been calculated, can be found on page 57.

Chairman's Statement

I am pleased to present the inaugural annual results of Ashoka India Equity Investment Trust plc (the "Company") for the period from incorporation on 11 May 2018 to 30 June 2019. The Company commenced operations on 6 July 2018 when its Ordinary Shares were admitted to trading on the London Stock Exchange's main market for listed securities. At launch, the Company received support from a wide variety of investors, many of whom have since participated in further equity issuance as detailed below.

As in my statement in the half-year report, I take this opportunity on behalf of the whole Board to welcome all investors as shareholders in the Company. India, the world's largest democracy, is also one of its fastest growing economies and, accordingly, offers investors the potential for outstanding returns over the longer term.

Board visit to Mumbai

We are privileged to have the investment expertise of the Investment Manager, Acorn Asset Management Limited and the local expertise of the Investment Adviser, White Oak Capital Management LLP. The Company's Investment Adviser is based in Mumbai, and comprises an exceptional team of investment professionals led by Prashant Khemka. Our Investment Adviser is ideally placed to take advantage of local knowledge and to react quickly to changing market conditions. The Board recently visited Mumbai to meet the whole investment team and to hear from some of the management teams of our investee companies. In total, the Board met with eight companies and had a private meeting with the chief economist of Morgan Stanley, who is based in Mumbai.

It is not something the Board plans to do every year, mindful of costs to shareholders, but it was an important visit to the region and the trip underlined your Board's confidence in the Company's investment advisory team and its disciplined approach to portfolio construction and risk management.

Performance

I am pleased to report that the Company's Net Asset Value (NAV) per Ordinary Share achieved a total return of 11% against 10.1% by the MSCI IMI Index, the Company's benchmark, despite a short delay in a strongly rising market following IPO before the net proceeds were fully invested. As you will read in the Investment Manager's report that follows, this performance was due mainly to strong stock selection across the market. The Company's share price stood at 109p at the year end, a 0.2% premium to NAV.

Share Issuance

Since IPO, the Company responded to further demand from shareholders to issue new shares, at a premium to the prevailing net asset value. At launch, 45,645,256 Ordinary Shares were allotted and issued to shareholders and between 7 July 2018 and 30 June 2019, a further 4,477,830 Ordinary Shares were issued; raising aggregate net proceeds of £4,347,000. As at the date of the Report, the total number of Ordinary Shares in issue is 55,738,078.

Reduction of Share Premium Account

As mentioned at the half-year stage and as indicated in the Company's prospectus dated 19 June 2018, the amount standing to the credit of the share premium account of the Company following IPO was cancelled and transferred to a special distributable reserve. This was completed on 4 December 2018 and the amount of £44,275,898 was credited to the special distributable reserve.

Revenue and Dividends

The Company's principal objective is to provide returns through long-term capital appreciation, with income being a secondary consideration. Therefore, shareholders should not expect that the Company will pay an annual dividend, under normal circumstances. Whilst the portfolio does generate a small amount of income, this is used to defray running costs. However, if a sufficient surplus is generated, the Company may declare an annual dividend to maintain UK investment

trust status. In the period under review, total income amounted to £279,000 and the Company generated a revenue loss of £195,000. Therefore, no dividend has been declared.

Redemption Facility

The Company has a redemption facility through which shareholders may request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The first Redemption Point for the Ordinary Shares is 30 September 2019. I am delighted to say that, as announced on 3 September 2019, the total number of ordinary shares in respect of which valid redemption requests were received for this Redemption Point was only 126,431 (representing 0.23% of the issued share capital at that point).

Annual General Meeting

The Company's first Annual General Meeting will be held at 11.00 am on Wednesday 30 October 2019 at the offices of Stephenson Harwood, 1 Finsbury Circus, London, EC2M 7SH. I hope to see a number of shareholders attending and look forward to meeting you then.

Outlook

The Investment Manager's Report details the prevailing investment environment within India, which the Investment Manager considers to be very attractive. The re-election of the BJP-led NDA government for a second term provides a positive backdrop for business sentiment by removing the uncertainty associated with a weak coalition government.

India's economy has been growing for several years driven by many factors, including improved demographics, increased domestic consumption and infrastructure developments. The Company's portfolio consists of those individual companies that will benefit from the continued economic development of India, concentrating on mid and smaller sized companies and being style agnostic.

Being Mumbai based gives the Investment Adviser an edge over other non-local firms. The Indian market is still relatively under-researched and great care goes into selecting appropriate investments for the portfolio, seeking to avoid companies which may later prove problematic. Risk management takes time and due diligence is best conducted on home territory. The opportunity for outstanding returns continues to remain the most attractive aspect of the investment case for India. From this perspective the outlook for patient investors remains as positive as in years past.

Andrew Watkins
Chairman
20 September 2019

Market Review

Most global equity indices continued their upward trend in 2019. The S&P 500 has returned (in GBP) 13.5%, the MSCI World 10.4%, the MSCI Emerging Markets 6.7% and the MSCI AC Asia ex Japan 5.8%, since the initial public offering ('IPO') of the Company in July 2018.

Foreign portfolio investors purchased £5.8 billion worth of Indian equities, crude oil prices declined by 10.4%, and the Indian rupee appreciated by 1.4% versus Sterling during this period.

The Indian equity market has underperformed US markets but outperformed Emerging markets since inception with the MSCI India IMI index delivering 10.1%. The trend observed last year of relative underperformance of small and mid-cap (SMID-cap) stocks against large caps continued in 2019. While the S&P BSE Large-cap index was up 13.9%, the S&P BSE Mid-cap index and the S&P BSE Small-cap index delivered -1.1% and -5.4% respectively.

Among sectors, financials, information technology and energy outperformed while communication services and consumer discretionary underperformed.

Performance Review

The Company has delivered a Sterling NAV total return of 11.0% since IPO, outperforming the benchmark MSCI Index IMI by 0.9%.

This outperformance is attributable to strong stock-selection alpha across market cap segments which more than offset the negative headwinds from higher exposure to SMID-cap. Our holdings in financial services and technology were some of the major contributors to outperformance.

Within the financial services space, two particular developments over the past eighteen months have been favourable for our holdings. The first is the implementation of the Insolvency and Bankruptcy Code (IBC) which has resulted in a speedier resolution of several large non-performing assets in the corporate banking sector. This has helped corporate sector banks to rapidly improve asset quality with each passing quarter. The second development has been a tightening of liquidity within the non-banking financial company (NBFC) space, triggered by defaults from a large quasi-government NBFC in the second half of 2018. The weaker NBFCs in the system have found it difficult to raise capital and some even face solvency challenges. The liquidity in the system has reduced significantly and the cost of funding for many NBFCs has gone up. All of these factors have led to consolidation in the space. As a consequence, the strongest NBFCs, a couple of which we own, have emerged even stronger out of this crisis with reduced competition. The growth and profitability outlook for such NBFCs has improved as the structural demand drivers for credit in the Indian economy continue to remain robust.

Technology is another sector where we are invested in several compelling opportunities across IT services, engineering R&D services, internet and enterprise software. Indian IT services companies have emerged as global leaders over the past two decades and continue to gain market share from their global peers. However, over the past few years growth challenges have emerged due to a technology "refresh" driven by cloud, automation and digital disruption. Many strong IT services companies were written off by the market. In our view though, the markets were under-appreciating the fact that several of these companies were doing an admirable job at successfully transitioning their business model by building strong digital capabilities and re-skilling their workforce to make them future ready. These companies are now benefitting from the ongoing large-scale adoption of digital technologies by their clients.

Engineering R&D services is another fast growing sub segment of the broader Indian technology industry where Indian companies have built deep domain capabilities and are emerging as global leaders. A spillover of the technology refresh has been the increasing adoption of software as a service (SaaS) by global enterprises in lieu of in-house, on-premise software application development. Our holdings in enterprise SaaS businesses are leaders in their niche.

Major contributors to performance

Top 5 Contributors	Portfolio Weight (%) As at 30 June 2019	Total Return (%)	Contribution to Return (bps)
Bajaj Finance Limited	9.3	+71.3	+382
Axis Bank Limited	9.7	+33.1	+267
HDFC Asset Management Co Limited	3.7	+92.5	+215
Info Edge India Limited	2.2	+71.6	+177
L&T Technology Services Limited	7.3	+25.0	+155

Bajaj Finance is India's leading consumer lending franchise. Leveraging its industry leading technology deployment, it straddles across consumer, SME, commercial, rural and mortgage segments, primarily catering to mass affluent customers. It has delivered solid performance in a wider environment of tight liquidity and rising costs of funding. Bajaj Finance has a very low cost of funding due to an enviable track record of prudent balance sheet risk management and this puts it on a much stronger footing compared to the peer group, several of whom face liquidity challenges as explained earlier. It has a long runway for growth on the back of new customer additions as well as cross-selling opportunities, led by continued strong execution by management.

Axis Bank is the third largest private sector bank in India with an industry leading retail liability franchise as demonstrated by one of the strongest CASA (current and saving accounts) metrics and one of the lowest cost of funds across private Indian banks. It benefits from the structural shift of market share from public sector to private sector banks. Under the previous management team, the corporate banking division saw weak credit underwriting resulting in steep credit losses. However, a new strong and inspiring leadership at the helm of the group has brought in a renewed focus by reorganising the senior management teams and strengthening the credit underwriting and risk functions and putting the bank on a path to deliver industry leading performance over the coming years. In addition to its core banking activities, Axis Bank also derives significant value from other financial businesses such as wealth management (fourth largest in India), capital markets and asset management, each of which has significant headroom for growth. In our view all these factors will drive group RoE upwards into the high teens over the next three years. Axis Bank is attractively valued compared to its peer group and we believe that there is a strong case for an upward re-rating of the valuation as the long-term sustainable ratios evolve towards the best in the industry.

InfoEdge is India's leading online classified advertising business. Its internet websites, Naukri.com and 99acres.com, are India's premier jobs and real estate portals respectively. Naukri.com commands a 72% website traffic share whilst 99acres.com has a 50% market share. InfoEdge has also made highly successful investments in Zomato, India's leading food delivery platform, and Policy Bazaar, India's leading online insurance aggregator. InfoEdge has a dominant market position in the fast growing online classifieds industry and is run by an entrepreneurial management team that has a long track record of superior execution and prudent capital allocation.

Major detractors to performance

Top 5 Detractors	Portfolio Weight (%) As at 30 June 2019	Total Return (%)	Contribution to Return (bps)
Maruti Suzuki India Limited	1.7	-30.2	-135
Jyothy Laboratories Limited	1.7	-25.5	-103
Persistent Systems Limited	0.0	-39.1	-97
Godrej Industries Limited	1.0	-17.6	-82
Balkrishna Industries Limited	0.0	-28.6	-80

Maruti Suzuki is the dominant player in the Indian passenger car market with 51% market share. The company has built a formidable franchise over the years by setting up a strong distribution network and continuously evolving to the changing needs of its customers. It has been witnessing volume decline in line with the cyclical slowdown in the auto sector. Passenger vehicle sales have suffered because of tight credit availability and impending cost escalations due to stricter emission norms. We expect Maruti to emerge stronger from this slowdown backed by a strategic alliance with Toyota and a strong pipeline of products.

Jyothy Laboratories is a consumer staples company with a strong portfolio across fabric care, dishwashing, household insecticides and the personal care segments. It has a dominant 71% market share in fabric whiteners and is the second largest player in the dish washing segment along with a niche presence in premium laundry and soaps. The market in India is fragmented with many unbranded, unpackaged and home-made products available, particularly in the rural markets. This presents a long term structural opportunity for Jyothy to gain market share. The company's stock price declined due to lower than expected earnings in the first quarter of 2019.

Persistent Systems has been one of the Indian IT leaders in the OPD (Outsourced product development) business where it caters to leading global software vendors such as IBM, Dell, Microsoft and HP. This segment accounts for 40% of revenues. The focus in the digital segment is on implementation of leading cloud solutions and enterprise software such as Salesforce, Appian and Oracle, and digital transformation for enterprise clients. It also has a portfolio of IP led solutions accounting for another 28% of business. Despite having strong capabilities across verticals, Persistent Systems has seen prolonged weakness in revenue growth primarily due to poor sales execution which do not see turning around anytime soon. As a result we exited our position in Persistent Systems during the period.

Investment Outlook

The cornerstone of our investment philosophy is the belief that outsized returns are earned over time by investing in great businesses at attractive valuations. We consider a great business to be one that is well managed, scalable, and generates superior returns on incremental capital. Valuations are attractive when the current market price is at a substantial discount to intrinsic value. We look for investment opportunities that represent such powerful combinations of business and value while avoiding weaker combinations.

In our opinion, the opportunity to make sizeable returns from stock selection alpha has always been and continues to remain the most attractive aspect of the investment case for India. From this perspective the outlook remains as positive as in the past. Having said that, there are several factors that might be worth considering as investors formulate their view of the market.

The re-election of the BJP led NDA government for a second term provides a positive backdrop for business sentiment by removing the uncertainty associated with a weak coalition government. There is an increased likelihood of further structural reforms over the coming

years, continuing what we have seen during the first five year term of this government. With the current electoral numbers it is expected that in a couple of years, NDA is likely to win a majority in the upper house of the Parliament as well, which should enable the government to pursue the more difficult and long awaited reforms.

At the same time, signs of moderation in growth have emerged in certain pockets of the economy over the past few months. Automobiles and rural consumption have in particular seen softness in demand partly due to reduced lending activity on account of liquidity constraints faced by many NBFCs, as well as due to weak rural income growth. Consensus earnings growth expectations for the fiscal year 2020 have been moderating over the year from circa 20% down to a current low to mid teens level. If the demand weakness persists beyond a few months, it may lead to a further reduction in consensus earnings estimates. However, despite this risk, that level of earnings growth would still be higher than the mid-single digit earnings growth that corporate India has experienced over the last ten years.

One of the factors that is contributing to the continued growth of corporate earnings is the normalization of profitability for corporate lenders, both government owned and private. Over the last few years, the return on equity of several corporate lenders collapsed from the mid-teens to low single digits due to rising bad debts and related write-offs resulting in a material headwind to earnings growth. With the implementation of the Insolvency and Bankruptcy Code and the resultant resolution of several non-performing assets, debt quality problems at corporate banks are rapidly improving with each passing quarter as mentioned above. Whilst the corporate banking sector may represent a modest part of the total market, the sharp recovery in this segment is expected to contribute approximately ten percentage points to overall index earnings growth.

Amongst the near-term risks, as explained earlier, there has been a tightening of liquidity within the non-banking financials space since September 2018. Consequently, the rapid growth witnessed in the segment in prior years has slowed down since then. The stress continues to remain confined to a few entities, and any systemic risk to the financial system seems minimal. However, the situation needs to be monitored over the coming months.

Another prevailing risk relates to the ongoing global trade tensions, although India remains relatively insulated given that it is predominantly a domestic driven economy unlike China and many emerging markets.

On the macro front, most indicators remain stable. Consumer price inflation has been at the lower end of the historical range at three to four per cent. Fiscal and current account deficits are at or below recent averages and remain within manageable levels. This benign macroeconomic environment allows the Reserve Bank of India room to stay accommodative, if required, to support economic growth or ease liquidity constraints.

India's journey as an emerging economy can be traced back to the landmark economic liberalization of 1991 aimed at making the economy more market oriented and expanding the role of private and foreign investment. More than 25 years later, at a GDP of $2.6 trillion, India has emerged as the sixth largest and the fastest growing major economy in the world. It is riding on demographics, productivity catch-up, domestic consumption and an aspirational middle class against the backdrop of a mature democratic framework. Concurrently, a slew of structural reforms aimed at improving capital allocation and economy wide productivity are underway.

We continue to believe that the structural growth drivers of the Indian economy are deep rooted and, near-term challenges notwithstanding, India today offers a multi-faceted, multi-generational investment opportunity.

Acorn Asset Management Ltd
20 September 2019

Top Ten Holdings

As at 30 June 2019	Sector	% of net assets
Axis Bank Limited	Financials	9.7
Bajaj Finance Limited	Financials	9.3
HDFC Bank Limited	Financials	8.6
L&T Technology Services Limited	Industrials	7.3
NIIT Technologies Limited	Information Technology	5.6
HDFC Asset Management Co Limited	Financials	3.7
Larsen & Toubro Infotech Limited	Information Technology	3.7
Bajaj Finserv Limited	Financials	3.6
Intellect Design Arena Limited	Information Technology	3.1
Nestlé India Limited	Consumer Staples	3.0
Top ten holdings		**57.6**
Other holdings		41.9
Total holdings in companies		**99.5**
Cash and other net assets		0.5
Total Net assets		**100.0**

Investment policy

The Company shall invest primarily in securities listed on any recognised stock exchange in India and securities of companies with a significant presence in India that are listed on stock exchanges outside India. The Company may also invest up to 10 per cent. of Gross Assets (calculated at the time of investment) in unquoted companies with a significant presence in India.

A company has a "Significant Presence in India" if, at the time of investment, it has its registered office or principal place of business in India, or exercises a material part of its economic activities in India.

The Company shall primarily invest in equities and equity-related securities (including preference shares, convertible unsecured loan stock, rights, warrants and other similar securities). The Company may also, in pursuance of the investment objective:

- hold publicly traded and privately placed debt instruments (including bonds, notes and debentures);
- hold cash and cash equivalents including money market liquid/debt mutual funds;
- hold equity-linked derivative instruments (including options and futures on indices and individual securities);
- hedge against directional risk using index futures and/or cash;
- hold participation notes; and
- invest in index funds, listed funds and exchange traded funds.

Notwithstanding the above, the Company does not intend to utilise derivatives or other financial instruments to take short positions, nor to increase the Company's gearing in excess of the limit set out in the borrowing policy, and any restrictions set out in this investment policy shall apply equally to exposure through derivatives.

The Company will invest no more than 15 per cent. of Gross Assets in any single holding or in the securities of any one issuer (calculated at the time of investment) and will typically invest no more than 40 per cent. of Gross Assets in any single sector (calculated at the time of investment).

The Company is not restricted to investing in the constituent companies of any benchmark. Once fully invested, it is expected that the Company's portfolio will comprise approximately 20 to 40 investments.

In order to comply with the Listing Rules, the Company will not invest more than 10 per cent. of its Gross Assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds. Additionally, in any event the Company will itself not invest more than 15% of its gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company does not expect to take controlling interests in investee companies and will at all times invest and manage the portfolio in a manner consistent with spreading investment risk and in accordance with the FPI Regulations and applicable law.

It is expected that the Company's investments will predominantly be exposed to non-Sterling currencies (principally rupees) in terms of their revenues and profits. The base currency of the Company is Sterling, which creates a potential currency exposure. Whilst the Company retains the flexibility to do so, it is expected in the normal course that this potential currency exposure will not be hedged using any sort of foreign currency transactions, forward transactions or derivative instruments.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

Borrowing policy

The Company may deploy gearing to seek to enhance long-term capital growth and for the purposes of capital flexibility and efficient portfolio management. The Company may be geared through bank borrowings, the use of derivative instruments that have the effect of gearing the Company's portfolio, and any such other methods as the Board may determine. Gearing will not exceed 20 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate.

Asset allocation at period end

The breakdown of the top ten holdings and the sector of the portfolio at the Company's period end are shown on page 9.

Dividend policy

The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, it should not be expected that the Company will pay a significant annual dividend, if any.

Regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011 provides that, subject to certain exceptions, an investment trust may not retain more than 15 per cent. of its income in respect of each accounting period. Accordingly, the Company may declare an annual dividend from time to time for the purpose of seeking to maintain its status as an investment trust.

Results and dividend

The Company's revenue loss after tax for the period amounted to £195,000. The Company made a capital gain after tax of £5,576,000. Therefore the total return after tax for the Company was £5,381,000.

As the Company made a revenue loss, the Board is not proposing that a dividend be paid in respect of the period to 30 June 2019.

Key performance indicators ('KPIs')

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) Achievement of NAV and share price growth over the long term

The Board monitors both the NAV and share price performance and compares with the MSCI India IMI Index (in Sterling) and other similar investment trusts. A review of performance is undertaken at each quarterly Board meeting and the reasons for relative under and over performance against various comparators is discussed. The Company's NAV and share price total returns for the period from listing on 6 July 2018 to 30 June 2019 was 11.0% and 9.0% respectively compared to a total return of 10.1% for the MSCI India IMI Index.

The Chairman's statement on pages 3 and 4 incorporates a review of the highlights during the period. The Investment Manager's Report on pages 5 to 8 highlights investments made during the period and how performance has been achieved.

(ii) Maintenance of a reasonable level of premium or discount of share price to NAV

The Company's Broker monitors the premium or discount on an ongoing basis and keeps the Board updated as and when appropriate. At quarterly Board meetings the Board reviews the premium or discount in the period since the previous meeting in comparison with other investment trusts with a similar mandate. The Company has a redemption facility through which Shareholders will be entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The Company's shares traded at a premium of 0.2% on 30 June 2019.

(iii) Maintenance of a reasonable level of ongoing charges

The Board receives monthly management accounts which contain an analysis of expenditure and are reviewed at quarterly Board meetings. The Management Engagement Committee formally reviews the fees payable to the Company's main service providers on an annual basis. The Board reviews the ongoing charges on a quarterly basis and considers these to be reasonable in comparison to peers.

Based on the Company's average net assets during the period ended 30 June 2019, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.04%.

Principal risks and uncertainties

Together with the issues discussed in the Chairman's Statement and the Investment Manager's Report, the Board considers that the principal risks and uncertainties faced by the Company fall into the following main categories:

(i) Market risks

Economic conditions

Changes in economic conditions in India (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) and securities of companies with a significant presence in India that are listed on stock exchanges outside India could substantially and adversely affect the Company's prospects.

Sectoral diversification

Concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to shareholders.

Management of risks

The Investment Manager has a proven track record of investment in Indian securities.

The Company is invested in a diversified portfolio of investments.

The Company's investment policy states that no single holding will represent more than 15% of the Company's Gross Assets and no more than 40% of Gross Assets will be invested in any single sector (calculated at the time of investment). The portfolio will have between 20 to 40 holdings (although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time).

Whilst the Company does not have a benchmark, the Board measures performance for reference purposes against the MSCI India IMI Index (in Sterling). The Board also monitors performance relative to the Company's peer group over a range of periods, taking into account the differing investment policies and objectives.

(ii) Corporate governance and internal control risks (including cyber security)

The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the accounting and company secretarial requirements.

The main risk areas arising from the above contracts relate to allocation of the Company's assets by the Investment Manager, and the performance of administrative, registration and custodial services. These could lead to various consequences including the loss of the Company's assets, inadequate returns to shareholders and loss of investment trust status. Cyber security risks could lead to breaches of confidentiality, loss of data records and inability to make investment decisions.

Management of risks

Each of the above contracts was entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. All of the above services are subject to ongoing oversight of the Board and the performance of the principal service providers is reviewed on a regular basis. The Board monitors key personnel risks as part of its oversight of the Investment Manager. The Company's key service providers report periodically to the Board on their procedures including cyber security risks.

(iii) Regulatory risks

Breaches of Section 1158 of the Corporation Tax Act could result in loss of investment trust status. Loss of investment trust status would lead to the Company being subject to tax on any gains on the disposal of its investments. Breaches of the FCA's rules applicable to listed entities could result in financial penalties or suspension of trading of the Company's shares on the London Stock Exchange. Breaches of the Companies Act 2006, The Financial Services and Markets Act, The Alternative Investment Fund Managers' Directive, Accounting Standards, The General Data Protection Regulation, The Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules could result in financial penalties or legal proceedings against the Company or its Directors. Failure of the Investment Manager to meet its regulatory obligations could have adverse consequences on the Company.

Management of risks

The Company has contracted out relevant services to appropriately qualified professionals. The Investment Manager and the Company Secretary report on regulatory matters to the Board on a quarterly basis. The assessment of regulatory risks forms part of the Board's risk assessment programme.

(iv) Financial risks

The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk.

Management of risks

The investment policy states that while the Company retains the flexibility to do so, it is expected in the normal course of business that currency exposure will not be hedged. The Company does not currently have any borrowings, therefore is not exposed to interest rate risk. The Company's financial risks are disclosed in note 15 to the financial statements.

Viability statement

The Directors have assessed the viability of the Company for the Period to 30 June 2022 (the 'Period'). The Board believes that the Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, which are modelled over three years and the principal risks outlined above. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the period to 30 June 2022.

In their assessment of the prospects of the Company, the Directors have considered each of the principal risks and uncertainties set out above and the liquidity and solvency of the Company. The Directors have considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities, which could, if necessary, be sold to meet the Company's funding requirements including buying back shares in order for the Company's discount control policy to be achieved. Portfolio changes, market developments, level of premium / discount to NAV and share buybacks / share issues are discussed at quarterly Board meetings. The internal control framework of the Company is subject to a formal review on at least an annual basis.

The Directors do not expect there to be any material increase in the annual ongoing charges of the Company over the Period and as the Company grows the annual ongoing charges ratio is expected to decrease. The Company's income from investments and cash realisable from the sale of its investments provide substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the Period of the assessment.

Environmental, Social and Governance ("ESG") policy

The Company has no staff, premises, manufacturing or other operations. The Investment Manager incorporates ESG issues into its analysis and decision making processes.

Section 172 of the Companies Act 2006

The Board has considered the requirements of Section 172 of the Companies Act 2006 (regarding promoting the success of the Company for the benefit of stakeholders).

Exercise of voting powers and stewardship code

The Board delegated to the Investment Manager the power to vote on behalf of the Company at shareholder meetings of investee companies. The provisions of the UK Stewardship Code do not apply to the Company as all investments are outside the United Kingdom. The Investment Manager's investment process includes research into 'corporate governance practices' of potential investee companies, 'regular' shareholder engagement and appropriately 'active' share ownership. The Investment Manager's voting policy and conflicts of interest policy are reviewed by the Board annually.

Modern slavery disclosure

Due to the nature of the Company's business, being a company that does not offer goods or services to consumers, the Board considers that it is not within the scope of modern slavery. The Board considers the Company's supply chains, dealing predominately with professional advisers and service providers in the financial service industry, to be low risk to this matter.

Greenhouse gas emissions

The Company is an investment company. As such, it does not have any physical assets, property, employees or operations of its own. The Company does not provide goods, nor services in the normal course of business and it does not have customers. In consequence, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other sources of emissions under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Employees

The Company has no employees. As at 30 June 2019 the Company had four Directors, of whom three are male and one is female. The Board's policy on diversity is contained in the corporate governance report (see page 23).

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 4 and Investment Manager's Report on pages 7 and 8.

Strategic Report

The Strategic Report set out on pages 3 to 16 of this Annual Report was approved by the Board of Directors on 20 September 2019.

For and on behalf of the Board

Andrew Watkins
Chairman of the Board
20 September 2019

Investment Team

PRASHANT KHEMKA
(Founder)

INDIA OFFICE
(Investment Adviser)
White Oak Capital Management Consultants LLP

UK OFFICE
(Sales/Marketing Office)
White Oak Capital Management (UK) Ltd

SWITZERLAND OFFICE
(Sales/Marketing Office)
White Oak Capital Management (Switzerland) AG

MAURITIUS OFFICE
(Investment Manager)
Acorn Asset Management Ltd

Ramesh Mantri, CFA
Senior Investment Analyst

Parag Jariwala, CFA
Senior Investment Analyst

Kamlesh Ratadia
Senior Investment Analyst

Manoj Garg
Senior Investment Analyst

Rishi Maheshwari
Senior Investment Analyst

Directors' Report

Jamie Skinner **Dr Jerome Booth** **Rita Dhut** **Andrew Watkins**

The Directors present their report and accounts for the period ended 30 June 2019.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 3 to 16.

Corporate governance

The Corporate Governance Statement on pages 21 to 24 forms part of this report.

Principal risks and uncertainties

The Principal risks and uncertainties on pages 12 and 13 forms part of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company conducts its affairs in order to meet the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. The Company has received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the period ended 30 June 2019.

Alternative Investment Fund Managers' Directive ('AIFMD')

The Company is classified as an Alternative Investment Fund under AIFMD and is therefore required to have an Alternative Investment Fund Manager. Acorn Asset Management Limited (the 'AIFM') is the AIFM of the Company.

Market information

The Company's Ordinary Shares are listed on the London Stock Exchange ('LSE'). The NAV per Ordinary Share is calculated in Sterling for each business day that the LSE is open for business. The daily NAV per Ordinary Share is published through a regulatory information service.

Retail distribution of Investment Company shares via financial advisers and other third party promoters

As a result of the Financial Conduct Authority ('FCA') rules determining which investment products can be promoted to retail investors, certain investment products are classified as 'non-mainstream pooled investment products' and face restrictions on their promotion to retail investors.

The Company has concluded that the distribution of its shares, being shares in an investment trust, is not restricted as a result of the FCA rules described above.

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

Management

Acorn Asset Management Limited ('Acorn') has been appointed as the Company's Investment Manager ('Investment Manager'). The Investment Manager is responsible for management of the Company's assets. The Investment Manager has been appointed as the Company's AIFM for the purposes of the AIFMD.

The Investment Manager does not receive a fixed management fee in respect of its portfolio management services to the Company. The Investment Manager is entitled to receive a performance fee subject to meeting the relevant performance criteria. Further details on the performance fee can be found on page 49.

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than six months' written notice, such notice not to expire earlier than the third anniversary of first admission to the LSE.

Investment Adviser

As permitted by the terms of the Investment Management Agreement, the Investment Manager has, with the consent of the Company, appointed the Investment Adviser, White Oak Capital Management Consultants LLP, a boutique investment advisory firm in India, to provide certain non-binding, non-exclusive and recommendatory investment advisory services to it. The Investment Adviser is not entitled to any fees from the Company.

Management engagement

In accordance with the Listing Rules, the Board confirms that it has reviewed whether to retain Acorn Asset Management Limited as the Investment Manager of the Company.

The Directors are satisfied that the Investment Manager has the suitable skills and experience to manage the Company's investments and believe that the continuing appointment of the Investment Manager is in the best interests of shareholders as a whole.

Company Secretary and Administrator

PraxisIFM Fund Services (UK) Limited has been appointed to provide Company Secretarial and administration services to the Company.

Custodian

Kotak Mahindra Bank Limited has been appointed as the Company's custodian.

Capital structure and voting rights

At the period end the Company's issued share capital comprised 50,123,086 Ordinary Shares. Each Ordinary Share held entitles the holder to one vote. All shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

Since the period end, the Company has issued 5,614,992 Ordinary Shares.

There are no restrictions on the transfer of Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

As at 30 June 2019, the Directors have been formally notified of the following interests in the Company's Ordinary Shares, comprising 3% or more of the issued share capital of the Company:

Name	Holding	%
Charles Stanley Group plc	5,311,000	10.60
Schroders plc	5,101,622	10.18
Wesleyan Assurance Society	3,200,000	6.38
J.M. Finn & Co Ltd	3,141,500	6.27
EQ Investors plc	2,397,500	4.78
Brewin Dolphin Limited	2,352,000	4.69
Myddleton Croft Limited	1,743,155	3.48

Based on number of Ordinary Shares in issue 50,123,086 at the Company's period end.

Since the period-end, the Company has been notified that Rathbones owned 3,047,650 shares. In addition, the Company has been notified that Schroders holding in the Company was 5,630,271 shares.

Settlement of Ordinary Share transactions

Ordinary Share transactions in the Company are settled by the CREST share settlement system.

Appointment of Auditor

The Company's auditors, Ernst & Young LLP, having expressed their willingness to continue in office as auditors, will be put forward for appointment at the Company's first Annual General Meeting and the Board will seek authority to determine their remuneration for the forthcoming year.

Going concern

The Directors have adopted the going concern basis in preparing the accounts. The following is a summary of the Directors' assessment of the going concern status of the Company.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets at 30 June 2019 were £54.5 million. As at 30 June 2019, the Company held £54.2 million in quoted investments and cash of £1.1 million. The total expenses for the period ended 30 June 2019 were £0.5 million, which represented approximately 1.04% of average net assets during the period. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all steps that he/she ought to have taken as director to make himself/herself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting

The following information is important and requires your immediate attention. If you are in doubt about the action you should take, you should seek advise from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting ('AGM'):

Resolutions 10 and 11 Authority to issue shares and to disapply pre-emption rights

The Directors have authority to issue up to 200 million Ordinary Shares and/or C Shares in aggregate in the period from First Admission until the first annual general meeting of the Company to be held on 30 October 2019.

Shareholders' pre-emption rights over this unissued share capital have been dis-applied so that the Directors will not be obliged to offer any new Ordinary Shares or C Shares to Shareholders on a pro rata basis. No Ordinary

Shares will be issued at a price less than the (cum-income) Net Asset Value per existing Ordinary Share at the time of their issue. C Shares (if any) issued pursuant to this authority will be issued at £1.00 per C Share.

The Board is seeking authority to allot up to a maximum of 11,147,615 Ordinary Shares (representing approximately 20% of the shares in issue at the date of this document) and to dis-apply pre-emption rights when allotting those Ordinary Shares at the forthcoming Annual General Meeting. Authority granted under both resolutions will expire at the conclusion of the Annual General Meeting to be held in 2020 unless renewed prior to this date via a General Meeting. The full text of resolutions 10 and 11 is set out in the Notice of Meeting on pages 61 and 62.

The authority granted by shareholders to issue shares will provide flexibility to grow the Company and spread its fixed costs. Shares will only be issued at a premium to the Net Asset Value (cum income) after the costs of issue. Share issues are at the discretion of the Board.

Resolution 12 renewal of authority to purchase own shares

Prior to the Company's listing on 6 July 2018 the Directors were granted authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on First Admission, equating to a maximum of 6,842,223 Ordinary Shares. During the period ended 30 June 2019, the Company did not utilise its authority to purchase its own shares.

The Companies Act 2006 permits companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This provides the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum-income) Net Asset Value per existing Ordinary Share at the time of their sale unless they are first offered pro rata to existing Shareholders. At the period end the Company did not hold any shares in treasury.

The initial authority to make market purchases will expire at the conclusion of the first AGM of the Company. The Directors recommend that a new authority to purchase up to 8,355,137 Ordinary Shares (subject to the condition that not more than 14.99% of the Ordinary Shares in issue, excluding treasury Shares, at the date of the AGM are purchased) be granted and a resolution to that effect will be put to the AGM. Any Ordinary Shares purchased will either be cancelled or, if the Directors so determine, held in treasury.

Unless otherwise authorised by shareholders, Ordinary Shares will not be issued at less than NAV and Ordinary Shares held in treasury will not be sold at less than NAV.

Resolution 13 Notice of general meetings

Resolution 13 in the notice to the AGM is required to reflect the requirements of the Shareholder Rights Directive. The Company is currently able to call General Meetings, other than an AGM, on 14 clear days notice and would like to preserve this ability. In order to be able to do so, shareholders must have approved the calling of meetings on 14 clear days notice.

Resolution 13 seeks such approval. The approval would be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will ensure that it offers the facility for shareholders to vote by electronic means, and that this facility is accessible to all shareholders, if it is to call general meetings on 14 days notice. Short notice will only be used by the Board under appropriate circumstances.

By order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

20 September 2019

Introduction

This Corporate Governance statement forms part of the Directors' Report.

The Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority require listed companies to disclose how they have applied the principles and complied with the provisions of The UK Corporate Governance Code 2016 (the 'UK Code'), as issued by the Financial Reporting Council ('FRC'). The UK Code can be viewed on the FRC's website at www.frc.org.uk. An updated UK Corporate Governance Code was published in 2018.

The related AIC Corporate Governance Guide for Investment Companies issued in February 2016 (the 'AIC Guide') provides specific corporate governance guidelines to investment trusts. The FRC has confirmed that AIC member companies who follow and report against the AIC Code of Corporate Governance ('AIC Code') will be meeting their obligations in relation to the UK Code. The AIC Code can be viewed on the AIC's website at www.theaic.co.uk. An updated AIC Code was published in 2019, reflecting changes made in 2018. The 2019 AIC Code will be applicable to the Company for the year ending 30 June 2020.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses the principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out opposite.

The UK Code includes provisions relating to:

- the role of the chief executive (provision A2.1)
- the appointment of a senior independent director (provision A4.1)
- the need for an internal audit function (provision C3.6)
- executive Directors' remuneration (section D)

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

Composition

At the date of this report, the Board consists of four non-executive directors including the Chairman. Dr Booth and Ms Dhut were appointed on 7 June 2018. Mr Watkins and Mr Skinner were appointed on 11 May 2018.

The Board believes that during the period to 30 June 2019 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Manager and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given below.

Andrew Watkins (non-executive Chairman)

Andrew has almost 30 years' experience in the investment companies sector in senior sales and client relations positions with Robert Fleming, Jupiter and Invesco Perpetual, retiring from full-time employment in June 2017. He is a current non-executive director of BMO UK High Income Trust plc, Chelverton UK Dividend Trust plc, The European Investment Trust plc, Consistent Unit Trust Management Ltd and former non-executive director of Premier Asset Management plc.

Jamie Skinner (Chair of the Audit Committee)

Jamie Skinner is a qualified accountant and a fellow of the Chartered Institute for Securities and Investment. Jamie joined Cazenove & Co in 1989 as a corporate finance executive working principally on investment companies and also other sector IPO activity, and in 1995 he was appointed Managing Director of the Johannesburg office. In 1999 Jamie joined Martin Currie Investment Management limited as a director and in 2014 was appointed Head of Client Services. Jamie retired from Martin Currie at the end of July 2018. Jamie served as President and CEO of The China Fund, Inc. until 2012, President and CEO of The Taiwan Fund, Inc. until 2014 and President of the Martin Currie Business Trust until 2015. Jamie was appointed to the board of Martin Currie, Inc. in March 2013 and to the board of the Martin Currie Japan Absolute Return Fund in January 2016, retired from these roles on 17 May 2018 and 10 May 2018 respectively. Jamie is currently a non-executive director of Ediston Property Investment Company plc, the Asian Opportunities Absolute Return Fund Limited and Baillie Gifford Shin Nippon plc.

Dr. Jerome Booth (Chair of the Nomination Committee)

Dr. Jerome Booth is a well-known economist and leading expert on emerging markets. Jerome has a D.Phil and an M.Phil in Economics from the University of Oxford as well as a B.Sc in Geography from the University of Bristol. In 2013 Jerome retired from Ashmore Group, a world leading emerging markets asset management group that he helped establish in 1999 in a management buy-out from ANZ Bank. Prior to ANZ he worked in the Strategic Planning unit of the Inter-American Development Bank from 1991 to 1994 in Washington, D.C. Prior to this, Jerome had appointments as a Lecturer in Economics at Christ Church, Oxford, a consultancy business advising on aid issues, and a position in the mid-1980s in Her Majesty's Department of Trade and Industry.

Jerome is currently Chairman of the Governing Board of Anglia Ruskin University and of the charity UK Community Foundations.

Rita Dhut (Chair of the Management Engagement Committee)

Rita Dhut has over 25 years of varied investment experience having gained industry recognition and multiple awards during her Fund Management career. In 1994 she joined M&G Investment Management as UK equity Fund Manager before being appointed Director of European Equities. In 2001 she joined Aviva Investors, was appointed Head of European Equities in 2004 and in 2006 became Head of UK & European Equity for value based investment responsible for over £6bn of equity funds. Rita left Aviva Investors in 2012 to set up her own company, Practical Dialogue Ltd, to work with Investment Boards and Fund Managers on oversight and risk management of funds. Rita is now an active investor in, and advisor to early stage companies holding several Board positions. She is on the Investment committee for Newable's range of Scale up funds investing in this area. She also is a Non-Executive Director of JP Morgan European Investment Trust plc.

Rita has pursued other personal interests close to her heart and is currently a Member of Council, Member of Investment and Audit committees for the Girls Day School Trust and a Trustee of the charity All Change. She is an associate of the CFA Institute and a graduate of City University, London.

In line with the AIC Code, the Board has decided that each director should be subject to annual re-election by shareholders, although this is not required by the Company's Articles of Association.

The Board recommends all the Directors for re-election for the reasons highlighted above.

The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new director will receive an induction and relevant training is available to Directors on an ongoing basis.

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Board committees

The Board decides upon the membership and chairmanship of its committees.

Audit Committee

A report on page 28 provides details of the role, composition and meetings of the Audit Committee together with a description of the work of the Audit Committee in discharging its responsibilities. Mr Skinner is the Chairman of the Audit Committee.

Management Engagement Committee

All of the Directors are members of this committee. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties include consideration of the terms of appointment of the Investment Manager and the Company's other service providers and it will annually review those appointments and the terms of the Investment Management Agreement. Ms Dhut is the chair of the Management Engagement Committee.

Nominations Committee

All of the Directors are members of this committee. The Nomination Committee will meet at least once a year or more often if required. Its principal duties include identifying and nominating to the Board new Directors undertaking an annual performance evaluation of the Board, led by the Committee Chairman. Dr Booth is the Chairman of the Nomination committee.

Each Committee has adopted formal terms of reference, which are reviewed at least annually, and copies of these are available on the Company's website or on request from the Company Secretary.

Meeting attendance

	Quarterly Board Meetings	Audit Committee	Nomination Committee*	Management Engagement Committee
Number of meetings held	**4**	**1**	**N/A**	**1/1**
Andrew Watkins	4/4	1/1	N/A	1/1
Jamie Skinner	4/4	1/1	N/A	1/1
Dr Jerome Booth	4/4	1/1	N/A	1/1
Rita Dhut	4/4	1/1	N/A	1/1

* There were no Nomination Committee meetings held during the period to 30 June 2019. A meeting was held post year-end.

In addition, Board and committee meetings were held to deal with administrative matters and the formal approval of documents.

Board diversity

The Company's policy is that the Board should have an appropriate level of diversity in the boardroom, taking into account relevant skills, gender, social and ethnic backgrounds, cognitive and personal strengths. Consideration is given to the recommendations of the AIC Code and other guidance on boardroom diversity. As at 30 June 2019 the Company had four Directors, three of whom are male and one of whom is female.

Board Evaluation

A formal annual board evaluation process will be performed on the Board, its committees and the individual Directors. However, as the Company has been operating for just over a year, it has been agreed to defer the first such assessment until 2020.

Internal control

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports from the relevant key service providers. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the period and up to the date of this report.

Financial aspects of internal control

These are detailed in the Report of the Audit Committee.

Other aspects of internal control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Investment Manager and the Company's Secretary and Administrator.

The Administrator, PraxisIFM Fund Services (UK) Limited, reports separately in writing to the Board concerning risks and internal control matters within its purview, including internal financial control procedures and company secretarial matters. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The contact with the Investment Manager and the Administrator enable the Board to monitor the Company's progress towards its objectives and encompass an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored regularly and a formal review, utilising a detailed risk assessment programme, takes place at least annually. This includes review of the internal controls reports of the Administrator and the Registrar.

Principal risks

The Directors confirm 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 principal risks and how they are being managed are set out in the Strategic Report on pages 12 and 13.

Shareholder relations

The Board encourages all shareholders to attend the AGM and seeks to provide twenty working days notice of that meeting. The Notice of AGM sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Investment Manager has a programme of meetings with shareholders and reports back to the Board on its findings. Additionally, the Company's Broker regularly provides shareholder feedback to the Board.

The Board is pleased to present the Remuneration Report for the period to 30 June 2019 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The law requires the Company's auditor to audit certain sections of the Remuneration Report; where this is the case the relevant section has been indicated as such.

Annual Chairman's Statement

As this is the first financial period of the Company's operations, there has been no change in the Board's composition or remuneration from the disclosures contained in the Company's prospectus.

AGM approval of the Remuneration Policy and Remuneration Implementation Report

In accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), the Board is required to put forward for shareholder approval at its first Annual General Meeting ('AGM'), and on a triennial basis thereafter, a Remuneration Policy. Accordingly, the Remuneration Policy of the Company set out below will be proposed to shareholders via an ordinary resolution which is a binding resolution at the AGM to be held on 30 October 2019. If successfully passed at the forthcoming AGM, the provisions set out in the below Remuneration Policy will apply from the date of the AGM until they are next submitted for shareholder approval, expected to be at the Company's AGM to be held in 2022. In the event of any proposed material variation to the Remuneration Policy, or should the Remuneration Policy or the Remuneration Implementation Report fail at the forthcoming AGM, shareholder approval will be sought for a proposed revised Remuneration Policy prior to its implementation.

The Remuneration Implementation Report will require approval via an Ordinary resolution on an annual basis. This resolution, is put to shareholders on an advisory, non-binding, basis which means that, if the resolution were to fail to attract sufficient votes in favour, the Board would continue to be entitled to be remunerated and would not be required to amend their contractual relationship with the Company. However, if the Remuneration Implementation Report were to be voted down by shareholders, the Board would be required to resubmit the Remuneration Policy to shareholders at the AGM following the AGM at which the Remuneration Implementation Report failed.

REMUNERATION POLICY

All the Directors are non-executive Directors and the Company has no other employees. The components of the remuneration package for non-executive Directors, which are contained in the Remuneration Policy are as detailed below:

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee[1,2]	Chairman of the Board	For services as Chairman of a plc	Determined by the Board
Annual fee[1,2]	Other Directors	For services as non-executive Directors of a plc	Determined by the Board
Additional fee[1,2]	Chairman of the Audit Committee	For additional responsibility and time commitment	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

1 **Payment in shares** - The Directors have agreed that any fees payable to them shall, save where the Company determines otherwise, be satisfied in Ordinary Shares acquired at market value, such Ordinary Shares to be acquired on behalf of the Directors and for their account by the Company's broker. Any Ordinary Shares acquired by the Directors pursuant to these arrangements shall be subject to the terms of the Directors' Lock-in Deed and not accounted under share based payments.

2 **Lock-in Deed** - Each Board member is subject to a Deed between themselves, the Company and Peel Hunt (the "Broker") dated 19 June 2018, the Directors have agreed that they will not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by them in satisfaction of their entitlement to directors' fees (save in certain circumstances, including: (i) in acceptance of a general offer made for the entire issued share capital of the Company; or (ii) pursuant to an intervening court order; or (iii) following termination of their appointment as a non-executive Director of the Company) prior to the first anniversary of the date of acquisition of the relevant Ordinary Shares. The Directors' Lock-in Deed is governed by the laws of England and Wales.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors have appointment letters which do not provide for any specific term. They are subject to re-election by shareholders at a maximum interval of three years although, as good governance, they submit themselves for annual re-election. Subject to the provision of the Lock-in-Deed, there are no restrictions on transfers of the Company's shares held by the Directors or any special rights attached to such shares.

Fees payable on recruitment

The Board will not pay any incentive fees to any person to encourage them to become a director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

Effective date

The Remuneration Policy is effective from the date of approval by shareholders.

REMUNERATION IMPLEMENTATION REPORT (AUDITED)

The table below provides a single figure for the total remuneration of each Director for the period 30 June 2019

Director	Fees and taxable benefits to 30 June 2019* £
Andrew Watkins	34,592
Jamie Skinner	27,180
Dr. Jerome Booth	24,709
Rita Dhut	24,709
Total	**111,190**

* Since commencement of operations on 6 July 2018 to 30 June 2019

The above costs do not include national insurance contributions on Directors' fees of £14,000. Information on other Directors' costs is disclosed on Note 8 of these Financial Statements.

Remuneration Committee

Given the size of the Board, being four members in number, the Board is of the view that a separate Remuneration Committee is not required to be established. The Nomination Committee is responsible, inter alia, to review the remuneration payable to the Directors taking into the relevant circumstances of the Company.

Fees

Since commencement of operations in July 2018 fees have been payable at an annual rate of £35,000 to the Chairman and £25,000 for each Director. In addition, the Chairman of the Audit Committee will receive an additional fee of £2,500 per annum.

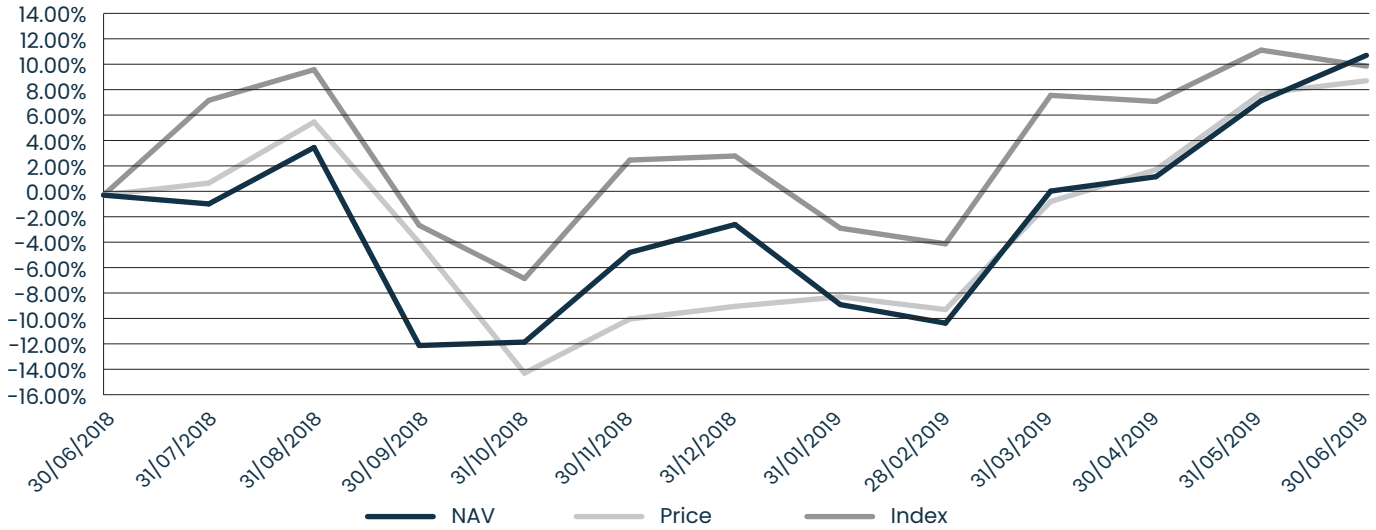
There has been no change to the Board fees during the period under review.

Directors' indemnities

The Company has agreed to indemnify, defend and hold harmless, its directors from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, legal costs, reasonable expenses or disbursements (other than those resulting from fraud or negligence).

Performance

The following chart shows the performance of the Company's net asset value and share price (total return) by comparison to the MSCI India IMI Index (total return in Sterling) for the period since the Company was listed assuming £100 was invested at the point the Company was listed. The Company does not have a specific benchmark but has deemed the MSCI India IMI Index (in Sterling) to be the most appropriate comparator for its performance.



Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to shareholders by way of dividends and share buybacks, and the performance fees and operating expenses incurred by the Company.

	Period to 30 June 2019 £
Income	279,000
Spend on Directors' fees	111,000
Operating expenses and performance fee	415,000
Dividends paid to shareholders	nil

The disclosure of the information in the table above is required under The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 with the exception of performance fees and operating expenses which have been included to show the total expenses of the Company.

Directors' holdings (Audited)

At 30 June 2019 and at the date of this report the Directors had the following holdings in the Company. All holdings were beneficially owned.

	Ordinary Shares As at 30 June 2019
Andrew Watkins	63,174
Jamie Skinner	46,660
Dr Jerome Booth	19,962
Rita Dhut	44,063

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the period to 30 June 2019:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the period; and

(c) the context in which the changes occurred and decisions have been taken.

Andrew Watkins
Chairman of the Board
20 September 2019

Report of the Audit Committee

Role of the Audit Committee

The AIC Code of Corporate Governance (the 'Code') recommends that Boards should establish an audit committee consisting of at least three, or in the case of smaller companies, two independent non-executive Directors. The Board is required to satisfy itself that the audit committee has recent and relevant financial experience. The main role and responsibilities of the audit committee should be set out in written terms of reference covering certain matters described in the Code. The Company complies with the Code.

The Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and objectivity, and remuneration of the auditor and to review the annual accounts and half-yearly financial report. The Audit Committee also reviews the Company's internal financial controls and its internal control and risk management systems. Where non-audit services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement are considered before proceeding. Ernst & Young LLP have provided reporting accountant services on the Company's IPO. There are non-recurring services and the work was performed by a team independent of the audit team and the audit team place no reliance on the output of the services provides. The Audit Committee does not believe that the provision of the above services affects the independence of Ernst & Young LLP, particularly as the reporting accountant services were provided in relation to the Company's IPO and are non-recurring.

Composition

All of the Directors of the Company are members of the Audit Committee which is chaired by Mr Skinner. The Audit Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary. All members of the Audit Committee have recent and relevant financial experience. The Audit Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit Committee keeps the needs for an internal audit function under periodic review. The Chairman of the Company is a member of the Audit Committee. The Board and the Audit Committee believe that it is appropriate for the Chairman of the Board to remain a member of the Audit Committee because he has recent and relevant financial experience and was independent on his appointment as Chairman and remains so.

Meetings

There was one Audit Committee meeting held during the period ended 30 June 2019 at which all Committee members were in attendance. A further Audit Committee meeting was held in September 2019 at which all Committee members were in attendance.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing its effectiveness. The aim of the internal financial control system is to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but they are fully informed of the internal control framework established by each relevant service provider who have provided reasonable assurance on the effectiveness of internal financial controls.

The key procedures include monthly production of management accounts and NAV calculations, monitoring of performance at regular Board meetings, supervision by Directors of the valuation of securities, segregation of the administrative function from that of securities and cash custody and of both from investment management, maintenance of appropriate insurance and adherence to physical and computer

security procedures. The Audit Committee received and reviewed control reports from the Company's Administrator and Registrar which contain reporting accountant's reports.

The Statement of Directors' Responsibilities in respect of the accounts is on page 31 and a Statement of Going Concern is on page 19.

The Report of the Independent Auditor is on pages 32 to 39.

Financial statements and significant accounting matters

The Audit Committee reviewed the financial statements and considered the following significant accounting issues in relation to the Company's financial statements for the period ended 30 June 2019;

Valuation and existence of investments

The Company holds its assets in quoted investments. The existence and valuation of these investments is the most material matter in the production of the financial statements. The Audit Committee reviewed the procedures in place for ensuring accurate valuation and existence of investments and discussed the valuation of the Company's investments at the period end with the Investment Manager, and reviewed their existence with the Administrator and other service providers. Investments are valued using independent pricing sources by the Administrators and the holding quantities at the period end were agreed to the Company's custodian's records.

Recognition of income

Income may not be accrued in the correct period and/or incorrectly allocated to revenue or capital. The Audit Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of any special dividends receivable in the period under review.

Calculation of performance fees

Incorrect amounts may be paid to the Investment Manager and recognised in the accounts if the fees are not calculated correctly. Performance fee calculations are circulated to the Directors prior to payment. The Audit Committee reviewed the procedures in place for the calculation of performance fees.

Tax status

The Company may suffer tax on gains on the realisation of investments if investment trust status is not maintained. The Audit Committee reviewed the compliance of the Company during the period with the eligibility conditions and ongoing requirements in order for investment trust status to be maintained.

Going concern

The Audit Committee reviewed the Company's financial resources and concluded that it is appropriate for the Company's financial statements to be prepared on a going concern basis as described in the Directors' Report on page 19.

Conclusion with respect to the annual report and financial statements

The Audit Committee has concluded that the annual report for the period to 30 June 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's business model, strategy and performance. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report.

Ernst & Young LLP

The auditor to the Company is Ernst & Young LLP who were engaged after the Company's listing in July 2018, appointed on March 2019. The current audit partner, Sue Dawe, has held the role since that date.

Effectiveness of external audit

The Audit Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. Additionally, the Audit Committee received feedback from the Administrator regarding the effectiveness of the external audit process. Following the above review, the Audit Committee has agreed that the re-appointment of the Auditors should be recommended to the Board and the Shareholders of the Company.

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent. The services were provided before the Company was listed in July 2018 and before the auditor was engaged in March 2019.

Auditor's Election

The Audit Committee has considered the Auditor's engagement and is pleased to recommend to shareholders their appointment at the forthcoming AGM.

Jamie Skinner
Audit Committee Chairman
20 September 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the period and of the net return for the period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the Company's website at **https://www.ashokaindiaequity.com**, which is maintained by the Investment Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

(a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) this Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Andrew Watkins
Chairman of the Board
20 September 2019

Opinion

We have audited the financial statements of Ashoka India Equity Investment Trust Plc for the period ended 30 June 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 12 and 13 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 24 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 19 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 13 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation and/or defective title to the investment portfolio
Materiality	• Overall materiality of £0.55m which represents 1% of net assets.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 29 in the Report of the Audit Committee and as per the accounting policy set out on page 45). The revenue recognised for the period to 30 June 2019 was £0.3m, consisting primarily of dividend income from listed investments. The revenue receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper revenue entitlements or applying appropriate accounting treatment.	**We have performed the following procedures:** We obtained an understanding of the Investment Manager's and Administrator's processes and controls surrounding revenue recognition and classification of special dividends by reviewing their internal controls report and performing our walkthrough procedures to evaluate the design and implementation of controls. We agreed a sample of dividends received from the income report to the corresponding announcement made by the investee Company. We recalculated the dividend amount receivable and we confirmed that the cash received as shown on the bank statement was consistent with the recalculated amount. We used exchange rates obtained from an independent data vendor to calculate the revenue recognised in the base currency.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 30 June 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid. We reviewed the income report and the acquisition and disposal report produced by the Administrator and referred to independent data sources to identify special dividends received or accrued in excess of our testing threshold. The Company received no special dividends above our testing threshold.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and/or defective title to the investment portfolio (as described on page 29 in the Report of the Audit Committee and as per the accounting policy set out on page 45). The valuation of the investment portfolio at 30 June 2019 was £54.2m consisting entirely of quoted investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is based on their quoted bid price at the reporting date without any deduction for estimated future selling costs.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding investment pricing and legal title. We agreed 100% of the listed investment valuations and exchange rates to an independent pricing vendor. We reviewed the price exception and stale pricing reports produced by the Administrator to highlight and investigate any unexpected price movements and stale prices in investments held as at the year-end. We reviewed the portfolio for indicators of reduced liquidity as at the year end. We agreed the Company's investments to the independent confirmation received from the Company's Custodian to confirm existence and legal title as at 30 June 2019.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and/or defective title to the investment portfolio.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £0.55m, which is 1% of Net Assets. We believe that Net Assets provides us with materiality aligned to the users interests as it represents a key measurement of the Company's position.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.27m. We have set performance materiality at this percentage due to it being the first audit of the Company.

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income which is equal to our reporting threshold.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.03m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 31 –** the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting set out on page 28 –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the Audit Committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 21 –** the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2006, AIC Investment Trust SORP, IFRS as adopted by the European Union, s1158 of CTA 2010, London Stock Exchange Listing Rules, the AIC Code of Corporate Governance and UK Code of Corporate Governance.

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to Incomplete or inaccurate revenue recognition through incorrect classification of special dividends between revenue and capital. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- We were appointed by the Company on 28 March 2019 to audit the financial statements for the period ending 30 June 2019 and subsequent financial periods.

- The period of total uninterrupted engagements including previous renewals and reappointments is one year, covering the period ending 30 June 2019.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Sue Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh
20 September 2019

Notes:

1. The maintenance and integrity of the Ashoka India Equity Investment Trust plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

For the period from incorporation on 11 May 2018 to 30 June 2019

		Period to 30 June 2019		
	Note	Revenue £'000	Capital £'000	Total £'000
Gains on investments	4	–	6,075	6,075
Gains on currency movements		–	364	364
Net investment gains		**–**	**6,439**	**6,439**
Income	5	279	–	279
Total income		**279**	**6,439**	**6,718**
Performance fees	7	–	(52)	(52)
Operating expenses	8	(474)	–	(474)
Operating profit before taxation		**(195)**	**6,387**	**6,192**
Taxation	9	–	(811)	(811)
Profit for the period		**(195)**	**5,576**	**5,381**
Return per Ordinary Share	10	**(0.41)p**	**11.84p**	**11.43p**

There is no other comprehensive income and therefore the 'Profit for the period' is the total comprehensive income for the period.

The total column of the above statement is the profit and loss account of the Company. The supplementary revenue and capital columns, including the earnings per Ordinary Shares, are prepared under guidance from the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 44 to 56 form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 £'000
Non-current assets		
Investments held at fair value through profit or loss	4	54,234
Current assets		
Cash and cash equivalents		1,128
Dividend receivable		33
Other receivables		118
		1,279
Total assets		55,513
Current liabilities		
Other payables	6	(120)
Non-Current liabilities		
Performance fee provision	7	(52)
Capital gains deferred tax provision	9	(811)
Total liabilities		**(983)**
Net assets		**54,530**
Equity		
Share capital	12	501
Share premium account		4,372
Special distributable reserve	13	44,276
Capital reserve		5,576
Revenue reserve		(195)
Total equity		**54,530**
Net asset value per Ordinary Share	14	**108.79p**

Approved by the Board of Directors on 20 September 2019 and signed on its behalf by:

Andrew Watkins
Director

The notes on pages 44 to 56 form an integral part of these financial statements.

Statement of Changes in Equity

For the period from incorporation on 11 May 2018 to 30 June 2019

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 11 May 2018	–	–	–	–	–	–	–
Profit for the period		–	–	–	5,576	(195)	5,381
Issue of Ordinary Shares	12	501	49,535	–	–	–	50,036
Share issue costs		–	(887)	–	–	–	(887)
Transfer between share premium and special distributable reserve upon cancellation	13	–	(44,276)	44,276	–	–	–
Closing balance as at 30 June 2019		**501**	**4,372**	**44,276**	**5,576**	**(195)**	**54,530**

The Company's distributable reserves consist of the special distributable reserve, capital reserve and revenue reserve.

The notes on pages 44 to 56 form an integral part of these financial statements.

Statement of Cash Flows

For the period from incorporation on 11 May 2018 to 30 June 2019

	30 June 2019 £'000
Cash flows from operating activities	
Profit before taxation	6,192
Increase in receivables	(152)
Increase in payables	171
Gains on investments	(6,075)
Net cash flow from operating activities	**136**
Cash flows from investing activities	
Purchase of investments	(82,846)
Sale of investments	34,689
Net cash flow used in investing activities	**(48,157)**
Cash flows from financing activities	
Proceeds from issue of shares	50,036
Share issue costs	(887)
Net cash flow from financing activities	**49,149**
Increase in cash and cash equivalents	**1,128**
Cash and cash equivalents at start of period	–
Cash and cash equivalents at end of period	**1,128**

The notes on pages 44 to 56 form an integral part of these financial statements.

1. Reporting entity

Ashoka India Equity Investment Trust plc is a closed-ended investment company, registered in England and Wales on 11 May 2018. The Company's registered office is Mermaid House, 2 Puddle Dock, London EC4V 3DB. Business operations commenced on 6 July 2018 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The financial statements of the Company are presented for the period from incorporation 11 May 2018 to 30 June 2019.

The Company primarily invests in securities listed on any stock exchange in India and can invest in the securities of companies with a significant presence in India that are listed on stock exchanges outside India.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, and the Disclosure Guidance and Transparency Rules ('DTRs') of the UK's Financial Conduct Authority.

When presentational guidance set out in the Statement of Recommended Practice ('SORP') for Investment Companies issued by the Association of Investment Companies ('the AIC') in November 2014 and updated in February 2018 is consistent with the requirements of 'IFRS', the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements.

The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There have been no significant estimates, judgements or assumptions, which have had a significant impact on the financial statements for the period.

The Indian capital gains tax provision represents an estimate of the amount of tax payable by the Company. Tax amounts payable may differ from this provision depending when the Company disposes of investments. The current provision on Indian capital gains tax is calculated based on the long term or short term nature of the investments and the applicable tax rate at the period end. The short term tax rates are 15% and the long term tax rates are 10%. The estimated tax charge is subject to regular review including a consideration of the likely period of ownership, tax rates and market valuation movements.

As disclosed in note 9 to the financial statements, the Company made a capital gains tax provision of £811,000 in respect of unrealised gains on investments held.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

Functional and presentation currency

The Company's investments are denominated in Indian Rupees. However, the Company's shares are issued in Sterling and the majority of its investors are UK based. The Company's expenses and dividends are also paid in Sterling. Therefore, the financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest thousand pounds.

Comparatives

There are no comparatives as this is the Company's first accounting period.

3. Accounting policies

(a) Investments

Upon initial recognition, investments are classified by the Company "at fair value through profit or loss account" as they are equity instruments. They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently quoted investments are valued at fair value which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the Statement of Comprehensive Income within "gains on investments".

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset.

Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss account are recognised under gains on investments.

(b) Foreign currency

Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities, and non-monetary assets held at fair value denominated in foreign currencies are translated into Sterling using applicable foreign exchange rates at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss and is charged to the capital column or revenue column in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within "gains on currency movements".

3. Accounting policies (continued)

(c) Income from investments

Dividend income from shares is accounted for on the basis of ex-dividend dates. Overseas income is grossed up at the appropriate rate of tax.

Special dividends are assessed on their individual merits and may be credited to the Statement of Comprehensive Income as a capital item if considered to be closely linked to reconstructions of the investee company or other capital transactions. All other investment income is credited to the Statement of Comprehensive Income as a revenue item.

(d) Capital reserves

Profits achieved in cash by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to the capital column of the Statement of Comprehensive Income and allocated to the capital reserve.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are recognised through the Statement of Comprehensive Income as revenue items except as follows:

Performance fees

Performance fees, if any, are payable directly by reference to the capital performance of the Company as per the Investment Management Agreement and are therefore charged to the Statement of Comprehensive Income as a capital item. No other management fees are payable.

(f) Cash and cash equivalents

Cash comprises cash at hand and demand deposits. For purposes of the statement of cash flows, cash equivalents, include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Taxation

Irrecoverable taxation on dividends is recognised on an accruals basis in the Statement of Comprehensive Income.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

(h) Standards in issue but not yet effective

The IFRS Interpretations Committee ('IFRS IC') issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019. These standards are not expected to have a material impact on the Company's financial statements.

4. Investment held at fair value through profit or loss

(a) Investments held at fair value through profit or loss

	As at 30 June 2019 £'000
- Listed investments in India	54,234
Closing valuation	**54,234**

(b) Movements in valuation

	£'000
Opening valuation	–
Opening unrealised gains/(losses) on investments	
Opening book cost	–
Additions, at cost	82,687
Disposals, at cost	(36,532)
Closing book cost	**46,155**
Revaluation of investments	8,079
Closing valuation	**54,234**

Transaction costs on investment purchases for the period ended 30 June 2019 amounted to £159,677 and on investment sales for the financial period to 30 June 2019 amounted to £65,171.

(c) Gains on investments

	£'000
Realised losses on disposal of investments	(1,779)
Transaction costs	(225)
Unrealised gains on investments held	8,079
Total gains on investments	**6,075**

Under IFRS 13 'Fair Value Measurement', an entity is required to classify investments using a fair value hierarchy that reflects the significance of the inputs used in making the measurement decision.

4. Investment held at fair value through profit or loss (continued)

The following shows the analysis of financial assets recognised at fair value based on:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The classification of the Company's investments held at fair value is detailed in the table below:

	As at 30 June 2019			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments at fair value through profit or loss – Listed investments in India	54,234	–	–	54,234

There were no transfers between levels during the period to 30 June 2019.

Fair values of financial assets and financial liabilities

Financial assets and liabilities are held at fair value in the financial statements with the exception of short term assets and liabilities where their carrying value approximates to fair value.

5. Income

	Period to 30 June 2019 £'000
Income from investments	
Overseas dividends	279
Total income	**279**

6. Other payables

	As at 30 June 2019 £'000
Accrued expenses	120
Total other payables	**120**

7. Performance fee provision

	Period to 30 June 2019		
	Revenue £'000	Capital £'000	Total £'000
Performance fee for the period	–	52	52

The Investment Manager does not receive a fixed management fee in respect of its portfolio management services to the Company. The Investment Manager will become entitled to a performance fee subject to the Company delivering excess returns versus the MSCI India IMI Index in the medium-term. The performance fee will be measured over periods of three years, with the first period ending (approximately three years from the date of Admission) on 30 June 2021.

The performance fee is calculated at a rate of 30% of the excess returns between adjusted NAV per share on the last day of the performance period and the MSCI India IMI Index (Sterling) over the performance period, adjusted for the weighted average number of Ordinary Shares in issue during the performance period.

8. Expenses

	Period to 30 June 2019 £'000
Administration & secretarial fees	106
Auditor's remuneration*	
– Statutory audit fee	30
Broker fees	30
Custody services	6
Directors' fees	111
Board trip to India costs	6
Board meeting costs	3
Tax compliance and advice	16
Printing and public relations	49
Registrar fees	9
Legal fees	29
UKLA and other regulatory fees	16
Other expenses	63
Total	**474**

* Auditor's remuneration excludes VAT.

The auditors also received £51,000 (including VAT of £8,500) for non-audit IPO-related services, which have been treated as a capital expense and included in 'share issue costs' disclosed in the Statement of Changes in Equity on page 42. Non-audit IPO services were provided before the Company was listed in July 2018 and before the auditor was appointed in March 2019.

9. Taxation

(a) Analysis of charge in the period:

Period to 30 June 2019	Revenue £'000	Capital £'000	Total £'000
Indian capital gains deferred tax provision	–	811	811
Total tax charge for the period (note 9b)	**–**	**811**	**811**

A deferred tax provision on Indian capital gains is calculated based on the long term or short term nature of the investments and the applicable tax rate at the period end. The short term tax rates are 15% and the long term tax rates are 10%.

(b) Factors affecting the tax charge for the period:

The effective UK corporation tax rate for the period is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	Period to 30 June 2019 £'000
Operating profit before taxation	6,192
UK Corporation tax at 19%	1,176
Effects of:	
Indian capital gains deferred tax provision	811
Gains on investments not taxable	(1,223)
Overseas dividends not taxable	(53)
Unutilised management expenses	100
Total tax charge	**811**

The Company is not liable to UK Corporation tax on capital gains due to its status as an investment trust. The Company has an unrecognised deferred UK Corporation tax asset of £89,000 based on the prospective UK corporation tax rate of 17% in 2020. This asset has accumulated because deductible expenses exceeded taxable income for the period ended 30 June 2019. No asset has been recognised in the accounts because, given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

10. Return per Ordinary Share

	As at 30 June 2019		
	Revenue	Capital	Total
Profit for the period (£'000)	(195)	5,576	**5,381**
Return per Ordinary Share	(0.41)p	11.84p	**11.43p**

Return per share is based on the profit for the period of £5,381,000 attributable to the weighted average number of Ordinary Shares in issue of 47,104,531 in the period from commencement of operations on 6 July 2018 to 30 June 2019. Revenue loss and capital profits are £195,000 and £5,576,000 respectively.

11. Dividend

The Company's objective is to provide shareholder returns through capital growth with income being a secondary consideration. It should not be expected that the Company will pay a significant annual dividend, but the Board intends to declare such annual dividends as are necessary to maintain the Company's UK investment trust status. The Company generated a revenue loss in the period ended 30 June 2019, therefore the Directors do not recommend the payment of a final dividend in respect of the period.

12. Share capital

	As at 30 June 2019	
	No. of shares	£'000
Allotted, issued and fully paid:		
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	50,123,086	501
Total	**50,123,086**	**501**

Ordinary Shares

On incorporation, the issued share capital of the Company was 1 Ordinary Share of £0.01. The Ordinary Share was transferred to investors as part of the Ordinary Share issue on 6 July 2018.

On 6 July 2018, 45,645,256 Ordinary Shares were allotted and issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 19 June 2018; raising aggregate net proceeds of £44.8 million.

Between 7 July 2018 and 30 June 2019, 4,477,830 million Ordinary Shares have been issued; raising aggregate net proceeds of £4.3 million.

As at the date of this Annual Report, the total number of Ordinary Shares in issue is 55,738,078.

The Ordinary Shares have attached to them full voting, dividend and capital distribution rights. They confer rights of redemption.

Management shares

In addition to the above, on incorporation the Company issued 50,000 Management Shares of nominal value of £1.00 each.

The Management Shares are paid up as to one quarter of their nominal value. The holder of the Management Shares undertook to pay or procure payment of, one quarter of the nominal value of each Management share on or before the fifth anniversary of the date of issue of the Management Shares. The Management Shares are held by an associate of the Investment Manager.

The Management Shares do not carry a right to attend or vote at general meetings of the Company unless no other shares are in issue at that time. The Management Shares have been treated as equity in accordance with IFRS.

13. Special distributable reserve

As indicated in the Company's prospectus dated 19 June 2018, following admission of the Company's Ordinary Shares to trading on the LSE, the Directors applied to the Court and obtained a judgement on 4 December 2018 to cancel the amount standing to the credit of the share premium account of the Company. The amount of the share premium account cancelled and credited to a special distributable reserve was £44,275,898. This reserve may also be used to fund dividend payments.

14. Net asset value ('NAV') per Ordinary Share

NAV per Ordinary Share is based on the Company's net assets of £54,530,000 attributable to the 50,123,086 Ordinary Shares in issue as at 30 June 2019.

15. Financial instruments and capital disclosures

(i) Market risks

The Company is subject to a number of market risks in relation to economic conditions in India. Further details on these risks and the management of these risks are included on pages 12 and 13 in the Strategic report.

The Company's financial assets and liabilities as at 30 June 2019 comprised:

As at 30 June 2019	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Investments	–	54,234	54,234
Total investment	**–**	**54,234**	**54,234**
Cash and cash equivalent		1,128	1,128
Short term debtors	–	151	151
Short term creditors	–	(120)	(120)
Long term creditors	–	(863)	(863)
Other net assets	**–**	**296**	**296**
Net assets	**–**	**54,530**	**54,530**

15. Financial instruments and capital disclosures (continued)

Market price risk sensitivity

The effect on the portfolio of a 10.0% increase or decrease in market prices would have resulted in an increase or decrease of £5,423,000 in the investments held at fair value through profit or loss at the period end date, which is equivalent to 9.9% in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

(ii) Liquidity risks

There is a risk that the Company's holdings may not be able to be realised at reasonable prices in a reasonable timeframe. The Investment Manager has estimated the percentages of the portfolio that could be liquidated within various timescales under normal market conditions, with the results shown as follows.

Portfolio maturity at the period end is shown below:

	Period to 30 June 2019 %
Within one to seven days	92.3
Between seven days to one month	7.4
Between one and three months	0.3
Total	**100**

Financial liabilities by maturity at the period end are shown below:

	Period to 30 June 2019 £'000
Between one and three months	120
More than one year	863
Total	**983**

Management of liquidity risks

The Company has a diversified portfolio. The liquidity of the portfolio is reviewed regularly by the Investment Manager and the Board.

(iii) Currency risks

Although the Company's performance is measured in Sterling, a high proportion of the Company's assets are denominated in Indian Rupees. Changes in the exchange rate between sterling and Indian Rupees may lead to a depreciation of the value of the Company's assets as expressed in Sterling and may reduce the returns to the Company from its investments and, therefore, negatively impact the level of dividends paid to shareholders.

Currency sensitivity

The below table shows the foreign currency profile of the Company.

Foreign currency risk profile

	As at 30 June 2019		
	Investment exposure	Net monetary exposure	Total currency exposure
	£'000	£'000	£'000
Indian Rupees	54,234	263	54,497
Total	**54,234**	**263**	**54,497**

Based on the financial assets and liabilities at 30 June 2019 and all other things being equal, if Sterling had weakened/(strengthened) against the Indian Rupee by 10%, the impact on the Company's net assets at 30 June 2019 would have been as follows:

	As at 30 June 2019	
	Increase in Fair Value	Decrease in Fair Value
	£'000	£'000
Indian Rupees	5,423	(5,423)

Management of currency risks

The Company's Investment Manager monitors the currency risk of the Company's portfolio on a regular basis. Foreign currency exposure is regularly reported to the Board by the Investment Manager.

Currency risk will not be hedged using any sort of foreign currency transactions, forward transactions or derivative instruments.

(iv) Credit risks

Cash and other assets are held by the custodian.

Management of credit risks

The Company has appointed Kotak Mahindra Bank Limited (Kotak) as its custodian. The credit rating of Kotak was reviewed at the time of appointment and is reviewed on a regular basis by the Investment Manager and the Board.

The Investment Manager monitors the Company's exposure to its counterparties on a regular basis and trades in equities are performed on a delivery versus payment basis.

At 30 June 2019, the Custodian held £54,234,000 in respect of quoted investments and £1,041,000 in respect of cash on behalf of the Company.

15. Financial instruments and capital disclosures (continued)

(v) Capital management policies and procedures

The Company considers its capital to consist of its share capital of Ordinary Shares of 1p each and reserves totalling £54,530,000.

The Investment Manager and the Company's broker monitor the demand for the Company's shares and the directors review the position at Board meetings.

The Company's policy on borrowings is detailed in the Director's Report.

16. Related party transactions

The performance fees payable to the Investment Manager are disclosed in Note 7.

Since commencement of operations on 6 July 2018 fees have been payable at an annual rate of £35,000 to the Chairman, £27,500 to the Chair of the Audit Committee, and £25,000 to the other Directors.

The Directors had the following shareholdings in the Company at 30 June 2019, all of which are beneficially owned.

	As at 30 June 2019
Andrew Watkins	63,174
Jamie Skinner	46,660
Rita Dhut	44,063
Dr Jerome Booth	19,962

17. Post balance sheet events

There are no post balance sheet events other than as disclosed in this Annual Report.

Alternative Performance Measures

Premium

The amount, expressed as a percentage, by which the Ordinary Share price is more than the NAV per Ordinary Share.

As at 30 June 2019 (Audited)		Page	
NAV per Ordinary Share (pence)	a	2	108.79
Ordinary Share price (pence)	b	2	109.00
Premium	**(b÷a)-1**		**0.2%**

Ongoing charges

A measure, expressed as a percentage of average net assets, of the regular, recurring costs of running an investment company.

Period ended 30 June 2019 (Audited)		Page	
Average NAV	a	n/a	45,483,000
Expenses	b	n/a	474,000
Ongoing charges	**(b÷a)**		**1.04%**

Total return

A measure of performance that includes both income and capital returns.

For the operating period 6 July 2018 to 30 June 2019 (Audited)		Page	Ordinary Share price[1]	NAV per Ordinary Share[2]
Opening at 6 July 2018 (p)	a	n/a	100.0	98.0
Closing at 30 June 2019 (p)	b	2	109.0	108.8
Total return	**(b÷a)-1**		**9.0%**	**11.0%**

n/a = not applicable.

1 Share price total return is based on an opening share price of 100p.

2 NAV total return is based on an opening NAV after launch expenses of 98.0p per Ordinary Share.

Glossary

AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment Company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Liquidity	The extent to which investments can be sold at short notice.
Management Shares	Non-redeemable Management Shares of £1.00 each in the capital of the company held.
Net assets or net asset value ('NAV')	An investment company's assets less its liabilities
NAV per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury)

Ongoing charges	A measure of the regular, recurring annual costs of running an investment company, expressed as a percentage of average net assets.
Ordinary Shares	Redeemable Ordinary Shares of £0.01 each in the capital of the company.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
Relative Performance	Measurement of returns relative to an index.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Total return	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.
Tracking error	A measure, expressed as a percentage, of how closely a portfolio follows an index over a period of time.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

Directors, Investment Manager and Advisers

Directors

Andrew Watkins (Chairman)
Jamie Skinner
Dr. Jerome Booth
Rita Dhut

Investment Manager and AIFM

Acorn Asset Management Ltd
4th Floor, 19 Bank Street
Cybercity, Ebene 72201
Republic of Mauritius

Broker

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Custodian

Kotak Mahindra Bank Limited
3rd Floor, 27 BKC
C-27 G-Block
Bandra Kurla Complex
Bandra East
Mumbai 400051
India

Auditors

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registered Office

Mermaid House
2 Puddle Dock
London EC4V 3DB
Registered in England under No.11356069

Investment Adviser

White Oak Capital Management Consultants LLP
Unit 6, 2B, 6th Floor
Cnergy Building
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400025
India

Company Secretary & Administrator

PraxisIFM Fund Services (UK) Limited
Mermaid House
2 Puddle Dock
London EC4V 3DB

Registrar

Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Legal Adviser

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Ashoka India Equity Investment Trust plc will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH on 30 October 2019 at 11.00 am for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions.

Ordinary Resolutions

1. To receive and adopt the Company's Annual Report and Accounts for the period to 30 June 2019, with the reports of the Directors and Auditor thereon.

2. To approve the Directors' Remuneration Policy.

3. To approve the Directors' Remuneration Report included in the Annual Report for the period to 30 June 2019.

4. To elect Andrew Watkins as a Director of the Company.

5. To elect Dr Jerome Booth as a Director of the Company.

6. To elect Rita Dhut as a Director of the Company.

7. To elect Jamie Skinner as a Director of the Company.

8. To appoint Ernst & Young LLP as Auditor to the Company.

9. To authorise the Directors to fix the remuneration of the Auditor until the conclusion of the next Annual General Meeting of the Company.

10. That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (in substitution for all subsisting authorities to the extent unused) to exercise all the powers of the Company to allot up to 11,147,615 Ordinary Shares of 1 pence each in the capital of the Company (equivalent to 20% of the ordinary shares in issue at the date of this notice of Annual General Meeting), such authority to expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2020 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;

Special Resolutions

11. That subject to the passing of resolution 10, in substitution for any existing power under sections 570 and 573 of the Companies Act 2006 but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered (pursuant to sections 570 and 573 of the Companies Act 2006) to allot Ordinary Shares of 1 pence each and to sell ordinary shares from treasury for cash pursuant to the authority referred to in Resolution 10 above as if section 561 of the Act did not apply to any such allotment or sale, such power to expire (unless previously varied, revoked or renewed by the Company in general meeting) at

the conclusion of the Annual General Meeting of the Company to be held in 2020 or, if earlier, on the expiry of 15 months from the passing of this resolution, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired;

12. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ('the Act') to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1 pence each, provided that:

    a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 8,355,137 (representing 14.99 per cent of the Company's issued ordinary share capital (excluding shares held in Treasury) at the date of this notice of Annual General Meeting);

    b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1 pence;

    c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;

    d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2020 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

    e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

13. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

By order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

20 September 2019

Registered Office
Mermaid House
2 Puddle Dock
London EC4V 3DB

Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.ashokaindiaequity.com.

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at close of business on 28 October 2019 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

Appointment of Proxies

3. Members entitled to attend, speak and vote at the meeting (in accordance with Note 2 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the Form of Proxy enclosed with this document or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also mark the box to indicate that the proxy instruction is one of multiple appointments being made. All forms must be signed and returned in the same envelope.

4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words 'the Chairman of the Meeting' on the Form of Proxy and insert the full name of your appointee.

5. You can instruct your proxy how to vote on each resolution by marking inside the 'For' and 'Against' boxes with an 'X' as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please mark the box which is marked 'Vote Withheld' with an 'X'. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

   A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised office or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Appointment of Proxy using Hard Copy Form

6. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY at 11.00 am on 28 October 2019 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Computershare no later than 48 hours before the rescheduled meeting.

   On completing the Form of Proxy, sign it and return it to Computershare at the address shown on the Form of Proxy in the envelope provided. As postage has been pre-paid no stamp is required.

Appointment of Proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting.

   For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 11.00 am on 28 October 2019 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Computershare no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare, Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

   In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an office or attorney whose power of attorney or other authority should be included with the revocation notice.

   Once a proxy has been lodged, it can be amended up to the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 above then, subject to the paragraph directly below, your proxy will remain valid.

   Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

   If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Nominated Persons

9. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

   - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.

   - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

   - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

- If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the meeting

10. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

    - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued Shares and total voting rights

11. As at the date of this Notice, the total number of shares in issue is • Ordinary Shares of 1 pence each. The total number of Ordinary Shares with voting rights is •. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

    - Calls to the Computershare shareholder helpline on 0370 703 6077 cost no more than a national rate from any type of phone or provider. If in doubt you should check with your phone line provider as to the exact cost involved for you to call this number. Lines are open 8.30 am to 5.30 pm, Monday to Friday excluding bank holidays; or
    - in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

    You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.