ASHOKA INDIA EQUITY INVESTMENT TRUST PLC

HALF-YEARLY REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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Investment Objective, Financial Information and Performance Summary

Investment Objective

The investment objective of the Ashoka India Equity Investment Trust PLC (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 31 December 2023 (unaudited)	As at 30 June 2023 (audited)
Net asset value ("NAV") per Ordinary Share (cum income)	238.6p	206.2p
Ordinary Share price	243.0p	209.0p
Ordinary Share price premium to NAV[1]	1.8%	1.4%
Net assets	£298.1 million	£232.6 million

Performance summary

	For the six months ended 31 December 2023 (unaudited) % change[2,3]	For the six months ended 31 December 2022 (unaudited) % change[2,3]
Share price total return per Ordinary Share[1]	16.3%	9.7%
NAV total return per Ordinary Share[1]	15.7%	10.0%
MSCI India IMI Index (sterling terms)	16.4%	9.9%

1 These are Alternative Performance Measures.
2 Total returns in sterling for the six month period.
3 Source: White Oak Capital Management (UK) Ltd.

Alternative Performance Measures ('APMs')

The items in the Financial information and the Performance summary indicated in the footnote above, are considered to represent APMs of the Company. Definitions of these APMs together with how these measures have been calculated can be found on page 25.

Re-reading my comments from this time last year, I note with dismay that the world's geopolitical problems mentioned then remain unresolved. Worse, the more recent outbreak of war between Israel and Hamas in Palestine has no obvious long-term solution in sight and the attendant flare-up in the Red Sea is not only a threat to life but also to international trade, with the potential to add supply chain issues and cost pressures to all nations. I really wish to start my statement one year with the words "All is well in the world" but that seems a distant dream.

Meanwhile, as I have said before, we must carry on and deal with global difficulties as best we can and, in the case of Ashoka India, I am delighted to announce another positive half-year for the Company.

This is the Company's half-year financial report for the period 1 July 2023 to 31 December 2023 and, regardless of worldwide tensions, the investment team has produced outstanding returns whilst marginally underperforming the Company's benchmark index, the MSCI India IMI, which enjoyed a particularly strong period as the market powered ahead.

Performance

In the period under review, the Company's share price and NAV have recorded total returns in sterling terms of 16.3% and 15.7% respectively, compared to 16.4% for the benchmark index. This performance has been generated from a broad and diverse number of positions held within the Company's portfolio, helped considerably by a small number of exciting, privately-owned companies nearing an IPO (Initial Public Offering) and a wider selection of quoted large, medium and smaller companies across the market spectrum. As all shareholders are aware, India is a nation full of entrepreneurs and the Company's broad investment remit allows its investment team flexibility to identify and invest in India's best companies regardless of size or sector. As ever, the Investment Manager's report that follows goes into more detail.

The Company's shares traded at a premium to NAV (cum income) of 1.8% at the end of the period.

Performance fee

A performance fee is currently being accrued for the current three-year period, the measurement of which runs from 1 July 2021 to 30 June 2024, as a result of outperformance of the Company's benchmark index. As at 31 December 2023, this amounted to £3.738 million and is fully reflected and accrued in the Company's daily net asset value announcements.

Share Issuance

The Company issued a record number of new shares during the period under review reflecting continued confidence from existing shareholders and growing belief from new investors both in the Indian economy as a whole and in this Company's investment team's ability to outperform over the longer term. This resulted in the issuance of 12.1 million new shares raising gross proceeds of £27.6 million. New shares are issued at a small premium to the prevailing net asset value to ensure no dilution to existing shareholders. The Company's net asset value and market capitalization at the calendar year-end were £298.1 million and £303.6 million respectively. As at the date of this report, a further 11.4 million shares have been issued and the Company's total assets stood at £338.1 million.

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, the Company may declare an annual dividend to maintain UK investment trust status if there is a sufficient surplus. In the period under review, no interim dividend has been declared.

Redemption Facility

The Company has a redemption facility through which shareholders are entitled to request the redemption of all or part of their holding of Ordinary Shares on an annual basis. The fifth Redemption Point for the Ordinary Shares was on 30 September 2023. I am pleased to report that redemption requests for just 547,339 shares were received and that these redeemed shares were matched with demand from other shareholders in the stock market by the Company's corporate broker, Peel Hunt. The Board has absolute discretion to operate the annual redemption facility on any given Redemption Point and to accept or decline in whole or in part any redemption request.

Shareholders are reminded that investment in a Company of this nature should only be considered if it is understood that the significant growth potential of the Indian equity market is likely to be achieved over the medium to longer term, a minimum of five years.

Consolidation Opportunities

The Board is well aware of demand from investors for larger, more liquid vehicles in the investment company sector. Ashoka India has grown considerably since launch and continues to perform strongly, leading the Board to believe it is in a good position to act as a consolidator in this regard. As part of its strategic considerations, the Board regularly monitors the closed-ended sector for opportunities that would enhance value for the Company's shareholders whose long-term interests are paramount should any future transaction be considered.

Outlook

Geopolitical conflict and tensions notwithstanding, there have been more reassuring movements in important world metrics over the last few months, notably with regard to inflation and interest rates. Both were sparked upwards when Russia invaded Ukraine two years ago prompting sharp increases in energy and commodity prices. Whilst India did not fare as badly as western economies in this respect, inflation has a knock-on effect to global demand and trade so it has been a relief for all to see both inflation and interest rates fall to more long-term average levels.

There is an unprecedented number of elections this year in democracies around the world and India is no exception. It is widely anticipated that the incumbent Prime Minister, Narendra Modi, will be comfortably re-elected, an outcome that will add political stability to a fast-growing nation that is in direct competition with autocracies like China as a first-choice base for global manufacturing companies. Export growth is continuing and the economy as a whole is bolstered by strong domestic demand from an increasingly dynamic population thus creating greatly increased job opportunities and possibilities of a prosperous future for coming generations. India's GDP growth of 7.3% in 2023 was the highest in the world making its economy now the fifth largest.

As ever, your Investment Managers and Advisers focus on appropriate and proportionate corporate governance standards before each stock is selected for the portfolio, an approach strongly supported by the Board and one that continues to produce excellent results. The portfolio's constituents are selected for their superior future growth prospects and avoidance of misgovernance, wherever possible, is highly desirable.

Both Acorn and White Oak remain focused on delivering outstanding returns from a broadly diversified portfolio of investments from across the market cap spectrum. Your Board has great confidence in their abilities to outperform and produce superior returns from one of the world's most dynamic and fastest-growing markets.

As ever, I thank you for your continued support as a shareholder of this Company.

Andrew Watkins
Chairman
11 March 2024

During the latter half of 2023, the Company's total NAV return underperformed the index by 0.7% delivering 15.7%, compared to 16.4% for the MSCI India IMI (in sterling terms)*. Since 31 July 2018 (the date post IPO when the Company was fully invested), the Company has delivered 65.9% of net cumulative outperformance, with a 140.2% absolute return compared to the benchmark return of 74.3%, both in sterling terms. Strong stock selection especially in mid and small caps has been a tailwind.

Key contributors & detractors

Contributors

Kaynes Technology is a fully integrated electronics manufacturing services company with end-to-end operations delivering component assemblies and box-build solutions. It provides value-added electronics manufacturing services and original design manufacturing solutions. The company holds long-term relationships with multiple customers diversified across verticals like automotive, industrial, and railways, thereby limiting the impact of any downturn associated with a particular vertical. The stock's outperformance was led by continued strong operating results driven by new customer additions across verticals and increased wallet share with existing customers.

Gokaldas Exports is one of the leading garment manufacturers in India and one of the top garment exporters in the region. India is emerging as an alternative destination for global brands looking to de-risk their supply chain from China, and companies such as Gokaldas are considered a partner of choice, given the long-standing relationship with top international brands and improved execution capabilities. The company is expanding within India to take advantage of the incentives offered by the government while exploring options beyond India to create manufacturing capacities (both organically and through acquisitions) in low-cost regions and countries which have favourable trade terms with large importers in the US, UK, European Union, etc. The management has created a robust system to ensure operational excellence and high-quality customer service, which could lead to industry-leading growth and financial performance. The stock outperformed because of strong order visibility from key customers.

Electronics Mart India Limited (EMIL) is India's fourth-largest consumer durables and electronics retailer. The company offers a diversified range of products focusing on large appliances (AC, TV, washing machines, etc.). EMIL is the most significant player in the Southern states of Andhra Pradesh (AP) & Telangana and has recently ventured into the fast-growing Delhi-NCR market. The company has displayed a strong track record of execution, focusing on driving operational efficiencies and improving customer experience. The stock has performed well on the back of better-than-expected performance in the Delhi-NCR market and continued operational excellence in AP & Telangana.

Detractors

Navin Fluorine (NFIL) is a specialty chemicals company focusing on fluorine chemistry. It is present across the fluorine value chain, from inorganic fluorides to specialty chemicals and Contract Research and Manufacturing Services (CRAMS). The company is now focusing on high-end sustainable segments like CRAMS and specialty chemicals while simultaneously leveraging its other segments captively to achieve full integration. The company works closely with innovators and has a robust pipeline of molecules. The total contribution from the high value-added segment increased from 35% in FY13 to 60% in FY22. The company has also been focusing on new value-added segments to cater to high-end customers with highly complex product needs. The stock's underperformance can be explained by the global slowdown in the agro-chem industry due to overstocking. Further, the Managing Director of NFIL, who was instrumental in driving growth over the past few years, tendered his resignation for personal reasons in September 2023. The company is expected to induct a senior professional to head the organization in due course.

Aether Industries, based in Surat (Gujarat, India), manufactures advanced intermediates and specialty chemicals involving complex and differentiated chemistry. The company's products find numerous applications across the pharmaceuticals, agrochemicals, material science, coating, high-performance photography, additive, and oil and gas segments of the chemical industry. The near-term performance of the business has been sluggish owing to a slowdown in global markets, which resulted in the stock's underperformance. However, we remain optimistic about its long-term fundamentals, which remain strong.

Brookfield REIT is a leading Real Estate Investment Trusts (REIT) involved in the leasing of commercial office spaces in Mumbai, NCR and Kolkata, with a portfolio of 20.6 Mn Sq.ft of operational area and 4.6 Mn Sq ft with potential for development. Brookfield recently acquired two assets from its parent entity, where the REIT will own 50% of the assets. The parent, Brookfield India, has >25 Mn sq. ft of additional projects, which, over time, are likely to be acquired by the REIT. Recovery in commercial leasing post the COVID-related decline, strong mark-to-market opportunity in the existing leased portfolio, as well as the high contractual escalations already built into the lease agreements place Brookfield in a favourable position over the next 2-3 years. ~70% of Brookfield's portfolio constitutes special economic zones (SEZ), which witnessed weak demand in CY23, leading to the stock's underperformance. We believe the recent SEZ regulatory amendments will accelerate the leasing of properties in the coming quarters.

Investment Outlook

Over the last few quarters, the global macro environment has been characterised by unfavourable inflation dynamics, higher for longer interest rates, persistently high geopolitical risks, and higher climate costs. Despite these economic and geopolitical challenges, global growth in 2023 was more resilient than anticipated by several economists at the start of the year. At the headline level, developing economies like India reaped the benefits of maintaining healthy macro-fundamentals and garnered strong domestic as well as foreign inflows.

Continuing this trend, India's economy is expected to deliver a solid GDP growth of over 7% in CY24. The macro-fundamentals are healthy, with resilient corporate earnings and promising growth prospects. A redeeming feature of India Inc. since the pandemic has been the sharp improvement in its earnings profile, marked not only by a trajectory that has reset higher but also by uncharacteristic stability, which was missing for most of the last decade. The emergence of value-added exports, led by upskilled labour and the government's thrust on ease of doing business, is adding to the tailwinds.

Supply chain disruptions have accelerated the relocation of manufacturing out of China, with India emerging as a credible alternative. Policy support in the form of Product Linked Incentive ("PLI") schemes for key sectors and measures to improve the 'ease of doing business' have emerged as critical enablers. India has a marginal market share in many manufacturing industries, and even a 1-2% incremental market share gain from China could result in a high-teens growth rate for exports.

Meanwhile, the services sector, led by the IT companies, stand to benefit from the accelerated digital transformation of global enterprises and cloud adoption. Enhanced by the business continuity showcased during COVID-19 lockdowns, global customers have preferred Indian IT & engineering services providers due to their exceptional talent pool and depth of competencies across service lines. This favourable dynamic is helping India boost its foreign exchange reserves, thereby increasing the cushion against external shocks.

The ingredients of a revival in the investment cycle are also in place. The twin balance sheet problem (overleveraged corporates' balance sheet and high bad loans of banks), which held back private investments in the last decade, seems to be behind us. Public sector capex, which grew at a brisk pace in the recent past, could continue, though at a slower pace, with the government committed to building infrastructure, thereby crowding in private investments. The uptick in demand for housing and real estate and the emergence of opportunities in green energy are other supportive factors. The recently announced interim budget too lays stress on capital expenditure while laying emphasis on fiscal rectitude.

The Investment Manager believes that India is at the cusp of realizing its true economic potential while benefitting from several secular tailwinds, the most important being its favourable demographics and rising income levels, thereby allowing domestic consumption to flourish – with the demand for discretionary goods, travel and leisure, financial and healthcare services on the rise. The country is experiencing rapid digitalisation of services, supported by increasing internet penetration and formalization on the back of ongoing structural reforms. We believe all these factors place India as one of the most promising economies over the medium term and make for a highly compelling investment proposition.

From a potential risk perspective, an absence of consistent improvement in external (global) demand and any further escalation in geopolitical tensions pose risks to near-term growth. However, we believe the ingredients of an uptick in domestic investment cycle remain skewed towards the positive side.

General elections in India are likely to be held in April or May 2024. Though the current Prime Minister's popularity remains strong and the risk of regime change appears low, such an event or a weak coalition central government could be a negative surprise for the markets, which would like to see policy continuity.

We claim no great skill in forecasting elections, nor do we believe it's something many analysts demonstrate great aptitude for. What we do know is that many of the changes PM Modi's government has overseen would be very difficult to undo. Nor would it be in interest of a new government to hinder them – given the aspirations and expectations of a young, intellectual and vibrant population.

The Investment Manager believes the most attractive aspect of investing in India is the outsized alpha opportunity the market presents compared to any other equity market globally given that the Indian market is still relatively under-researched. Such alpha opportunities are present across the large, mid, and small cap spectrum. In particular, the SMID (small & mid) cap segment of the Indian equity market has a large, and expanding, number of listed businesses to choose from. Besides the large number of listings, the SMID-cap segment also tends to have very heterogeneous business models which makes it fertile hunting ground for bottom-up stock pickers.

What cannot be denied is that India is among the very few economies in the world that possess the full complement of appropriate market conditions backed by pro-progress government policies that aim to deliver sustainable growth over the long term. Backed by the well-resourced team of the Investment Adviser, Ashoka India Equity Trust is well-positioned to capitalise on the investment opportunities, from a bottom-up perspective, on offer within the Indian equities space.

Acorn Asset Management Ltd
Investment Manager
11 March 2024

* Shareholders should note that the MSCI India IMI Index (sterling terms) does not deduct taxes, unlike active and passive funds, such as the Company.

Top Ten Holdings

As at 31 December 2023	Sector	% of net asset
ICICI Bank	Financials	6.9
Infosys	Information Technology	5.8
Cholamandalam Investment and Finance Company	Financials	3.9
Maruti Suzuki India	Consumer Discretionary	3.4
Titan	Consumer Discretionary	3.1
Asian Paints	Materials	3.0
Nestlé India	Consumer Staples	2.6
HDFC Bank	Financials	2.6
Cipla/India	Health Care	2.6
Persistent Systems	Information Technology	2.5
Top ten holdings		**36.4**
Other holdings		61.5
Total holdings in companies		**97.9**
Capital gains tax provision plus cash and other assets/liabilities		2.1
Total		**100.0**

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chairman's Statement and the Investment Manager's Report on pages 3 to 5 of this Half-Yearly Report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statement on related party transactions and the Directors' Statement of Responsibility on page 10, the Chairman's Statement and Investment Manager's Report together constitute the Interim Management Report of the Company for the six months ended 31 December 2023. The outlook for the Company for the remaining six months of the year ending 30 June 2024 is discussed in the Chairman's Statement and the Investment Manager's Report.

Principal and emerging risks and uncertainties

The principal and emerging risks and uncertainties to the Company are detailed on pages 14 to 17 of the Company's most recent Annual Report and Audited Financial Statements for the year ended 30 June 2023 which can be found on the Company's website at **https://www.ashokaindiaequity.com**. The principal and emerging risks and uncertainties facing the Company remain unchanged from those disclosed in the Annual Report for the year ended 30 June 2023 and the Board are of the opinion that they will continue to remain unchanged for the forthcoming six-month period. The principal and emerging risks and uncertainties facing the Company are as follows:

(i) market risks (economic conditions and sectorial diversification);

(ii) corporate governance and internal control risks (including cyber security);

(iii) regulatory risks;

(iv) financial risks; and

(v) Emerging risks (ESG, Climate Change and Impact of war/sanctions).

Related party transactions

Details of the amounts paid to the Company's Investment Adviser and the Directors during the period are detailed in the notes to the Half-Yearly Report and unaudited condensed financial statements (the "Financial Statements").

Going concern

The Half-Yearly Report has been prepared on a going concern basis. The Board considers this the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the following twelve-month period from the date of this report. 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. As at 31 December 2023 the Company held £287.4 million (30 June 2023: £233.3 million) in quoted investments and had cash of £22 million (30 June 2023: £6.5 million).

Unaudited

These Condensed Financial Statements have not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on the Review of Interim Financial Information.

Directors’ Statement of Responsibility for the Half-Yearly Report

The Directors confirm to the best of their knowledge that:

- these condensed set of financial statements contained within the Half-Yearly Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting; and

- the Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA’s DTR.

Signed on behalf of the Board by

Andrew Watkins
Chairman
11 March 2024

Condensed Unaudited Statement of Comprehensive Income

For the six months ended 31 December 2023

				Six months ended 31 December 2023 (unaudited)			Six months ended 31 December 2022 (unaudited)
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments	3	–	45,416	45,416	–	21,460	21,460
Losses on currency movements		–	(163)	(163)	–	(346)	(346)
Net investment gains		**–**	**45,253**	**45,253**	**–**	**21,114**	**21,114**
Income	5	959	–	959	799	–	799
Total income		**959**	**45,253**	**46,212**	**799**	**21,114**	**21,913**
Performance fees	7	–	(1,274)	(1,274)	–	–	–
Operating expenses	8	(553)	–	(553)	(376)	–	(376)
Operating profit before taxation		**406**	**43,979**	**44,385**	**423**	**21,114**	**21,537**
Taxation	9	(93)	(6,160)	(6,253)	(88)	(3,255)	(3,343)
Profit for the period		**313**	**37,819**	**38,132**	**335**	**17,859**	**18,194**
Earnings per Ordinary Share	10	**0.27p**	**32.10p**	**32.37p**	**0.31p**	**16.31p**	**16.62p**

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 statement of comprehensive income of the Company. The supplementary revenue and capital columns, including the earnings per Ordinary Share, are prepared under guidance from the Association of Investment Companies ("AIC").

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

The notes on pages 15 to 24 form an integral part of these financial statements.

Condensed Unaudited Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 (unaudited) £'000	30 June 2023 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	3	290,013	236,764
Current assets			
Cash and cash equivalents		21,999	6,489
Dividend receivable		–	229
Other receivables		214	225
		22,213	**6,943**
Total assets		**312,226**	**243,707**
Current liabilities			
Purchase for future settlement		–	(459)
Other payables	6	(604)	(520)
Performance fees payable		(3,738)	(2,464)
Non-Current liabilities			
Capital gains tax provision		(9,830)	(7,713)
Total liabilities		**(14,172)**	**(11,159)**
Net assets		**298,054**	**232,551**
Equity			
Share capital	12	1,249	1,128
Share premium account		128,253	101,003
Special distributable reserve	13	44,276	44,276
Capital reserve		123,955	86,136
Revenue reserve		321	8
Total equity		**298,054**	**232,551**
Net asset value per Ordinary Share	14	**238.6p**	**206.2p**

The notes on pages 15 to 24 form an integral part of these financial statements.

Condensed Unaudited Statement of Changes in Equity

For the six months ended 31 December 2023 (Unaudited)

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 July 2023		1,128	101,003	44,276	86,136	8	232,551
Profit for the period		–	–	–	37,819	313	38,132
Issue of Ordinary Shares*	12	121	27,471	–	–	–	27,592
Share issue cost		–	(221)	–	–	–	(221)
Closing balance as at 31 December 2023		**1,249**	**128,253**	**44,276**	**123,955**	**321**	**298,054**

For the six months ended 31 December 2022 (Unaudited)

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 1 July 2022		1,076	90,470	44,276	51,684	(120)	187,386
Profit for the period		-	-	-	17,859	335	18,194
Issue of Ordinary Shares*	12	50	10,349	-	-	-	10,399
Share issue costs		-	(123)	-	-	-	(123)
Closing balance as at 31 December 2022		**1,126**	**100,696**	**44,276**	**69,543**	**215**	**215,856**

* During the period, the Company issued 12,132,135 new Ordinary Shares with gross aggregate proceeds of £27.6 million (2022: £10.4 million).

The Company's distributable reserves consist of the special distributable reserve, revenue reserve capital reserve attributable to realised profit.

The notes on pages 15 to 24 form an integral part of these financial statements.

Condensed Unaudited Statement of Cash Flows

For the six months ended 31 December 2023

	Note	For the six months ended 31 December 2023 (unaudited) £'000	For the six months ended 31 December 2022 (unaudited) £'000
Cash flows from operating activities			
Operating profit before taxation		44,385	21,537
Taxation paid		(4,136)	(1,524)
Decrease in receivables		240	75
Increase/(decrease) in payables		1,358	(38)
Gains on investments	3	(45,416)	(21,460)
Net cash flow used in operating activities		**(3,569)**	**(1,410)**
Cash flows from investing activities			
Purchase of investments		(117,358)	(52,018)
Sale of investments		109,066	42,177
Net cash flow used in investing activities		**(8,292)**	**(9,841)**
Cash flows from financing activities			
Proceeds from issue of shares	12	27,592	10,399
Share issue costs		(221)	(123)
Net cash flow generated from financing activities		**27,371**	**10,276**
Increase/(decrease) in cash and cash equivalents		**15,510**	**(975)**
Cash and cash equivalents at start of period		6,489	7,027
Cash and cash equivalents at end of period		**21,999**	**6,052**

The notes on pages 15 to 24 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 6th Floor 125 London Wall, London, England, EC2Y 5AS. Business operations commenced on 6 July 2018 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange ("LSE"). The financial statements of the Company are presented for the period from 1 July 2023 to 31 December 2023.

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 and statement of compliance

These Condensed Unaudited Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 as required by DTR 4.2.4R, the Listing Rules of the LSE and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's last Annual Audited Financial Statements for the year ended 30 June 2023.

The accounting policies applied in these Financial Statements are consistent with those applied in the last Annual Audited Financial Statements for the year ended 30 June 2023, which were prepared in accordance with UK-adopted international accounting standards. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

Going concern

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

Details of the Directors' assessment of the going concern status of the Company, which considered the adequacy of the Company's resources, are given on page 9. 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.

Significant judgements and estimates

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 30 June 2023.

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 the statement of financial position, the Company made a capital gains tax provision of £9,830,000 (30 June 2023: £7,713,000) in respect of unrealised gains on investments held.

2. Basis of preparation and statement of compliance (continued)

Adoption of new IFRS standards

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2023. None of these are expected to have a material impact on the measurement of the amounts recognised in the financial statements of the Company.

3. Investment held at fair value through profit or loss

a) Investments held at fair value through profit or loss

	As at 31 December 2023 (unaudited) £'000	As at 30 June 2023 (audited) £'000
Quoted investments in India	287,394	233,303
Unquoted investments in India	2,619	3,461
Closing valuation	**290,013**	**236,764**

b) Movements in valuation

	For the six months ended 31 December 2023 (unaudited) £'000	For the year ended 30 June 2023 (audited) £'000
Opening valuation	236,764	183,361
Opening unrealised gains on investments	56,724	29,059
Opening book cost	**180,040**	**154,302**
Additions, at cost	116,729	120,803
Disposals, at cost	(77,811)	(95,065)
Closing book cost	**218,958**	**180,040**
Revaluation of investments	71,055	56,724
Closing valuation	**290,013**	**236,764**

Transaction costs on investment purchases for the six months ended 31 December 2023 amounted to £170,000 (31 December 2022: £89,000) and on investment sales for the six months to 31 December 2023 amounted to £209,000 (31 December 2022: £86,000).

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

c) Gains on investments

	For the six months ended 31 December 2023 (unaudited) £'000	For the year ended 30 June 2023 (audited) £'000
Realised gains on disposal of investments	31,464	16,484
Transaction costs	(379)	(344)
Movement in unrealised gains on investments held	14,331	27,665
Total gains on investments	**45,416**	**43,805**

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.

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

– **Level 1:** quoted prices (unadjusted) in active markets 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 for the asset or liability, either directly or indirectly; and

– **Level 3:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

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

	As at 31 December 2023 (unaudited)			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss:				
Quoted investments in India	287,394	–	–	**287,394**
Unquoted investments in India	–	–	2,619	**2,619**
	287,394	**–**	**2,619**	**290,013**

	As at 30 June 2023 (audited)			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss:				
Quoted investments in India	233,303	–	–	**233,303**
Unquoted investments in India	–	–	3,461	**3,461**
	233,303	**–**	**3,461**	**236,764**

The movement on the Level 3 unquoted investments during the period is shown below:

	As at 31 December 2023 (unaudited) £'000	As at 30 June 2023 (audited) £'000
Opening balance	3,461	5,363
Additions during the period/year	–	1,199
Disposals during the period/year	(1,427)	–
Conversion from level 3 to level 1 investments	–	(2,916)
Valuation adjustments	585	(185)
Closing balance	**2,619**	**3,461**

As at period end, the Company had two unquoted investments. These are investment in Ideaforge Technology Ltd for a total of 178,464 shares and investment in Veeda Clinical Research Ltd for a total of 680,790 shares.

4. Financial risk management

At 31 December 2023, the Company's financial risk management objectives and policies are consistent with those disclosed in the Company's last Annual Report and Audited Financial Statements for the year ended 30 June 2023.

5. Income

	For the six months ended 31 December 2023 (unaudited) £'000	For the six months ended 31 December 2022 (unaudited) £'000
Income from investments		
Overseas dividends	959	799
Total income	**959**	**799**

6. Other payables

	As at 31 December 2023 (unaudited) £'000	As at 30 June 2023 (audited) £'000
Accrued expenses	604	520
Total other payables	**604**	**520**

7. Performance fees

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 is measured over periods of three years (Performance Period). The first Performance Period ended on 30 June 2021 (approximately three years from the Company's IPO). The Investment Manager's second Performance Period commenced on 1 July 2021 and will end in June 2024. The performance fee in any Performance Period shall be capped at 12% of the time weighted average adjusted net assets during the relevant Performance Period.

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. The Performance Fee in respect of each Performance Period will be paid at the end of the three-year period.

As at 31 December 2023, £3,738,000 was accrued in respect of the performance fee due to the Investment Manager for the two and a half years' performance period (30 June 2023: £2,464,000 for two years performance period).

8. Operating expenses

	For the six months ended 31 December 2023 (unaudited) £'000	For the six months ended 31 December 2022 (unaudited) £'000
Administration & secretarial fees	87	73
Auditor's remuneration – Statutory audit fee*	27	24
Broker fees	15	17
Custody services	17	14
Directors' fees	64	64
Board trip to India costs	8	5
Tax compliance and advice	38	14
Printing and public relations	61	83
Registrar fees	18	15
Research and marketing fees	66	–
Legal Fees	75	15
UKLA and other regulatory fees	8	6
Other expenses**	69	46
Total	**553**	**376**

* Auditor's remuneration excludes VAT.
** Other expenses include LSE, KIID fees, Distribution fees, other license fees, bank charges and other miscellaneous fees.

9. Taxation

a) Analysis of charge in the period

	For the six months ended 31 December 2023 (unaudited)			For the six months ended 31 December 2022 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Capital gains tax provision	–	2,117	**2,117**	–	–	**-**
Capital gains expense	–	4,043	**4,043**	–	3,255	**3,255**
Indian withholding tax	93	–	**93**	88	–	**88**
Total tax charge for the six months	**93**	**6,160**	**6,253**	**88**	**3,255**	**3,343**

The Company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961. A tax provision on Indian capital gains is calculated based on the long term (securities held more than one year) or short term (securities held less than one year) 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 Company's dividends are received net of 20% withholding tax. Of this 20% withholding tax charge, 10% is irrecoverable with the remainder being shown in the Statement of Financial Position as an asset due for reclaim.

b) Factors affecting the tax charge for the period

The effective UK corporation tax rate for the period is 25%. 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:

	For the six months ended 31 December 2023 (unaudited) £'000	For the six months ended 31 December 2022 (unaudited) £'000
Operating profit before taxation	44,385	21,537
UK Corporation tax at 25% (2022: 19%)	11,096	4,092
Effects of:		
Indian capital gains tax provision not taxable	6,160	3,255
Gains on investments not taxable	(11,313)	(4,012)
Overseas dividends not taxable	(240)	(152)
Unutilised management expenses	457	72
Indian withholding tax	93	88
Total tax charge for the six months	**6,253**	**3,343**

10. Earnings per Ordinary Share

	For the six months ended 31 December 2023 (unaudited)			For the six months ended 31 December 2022 (unaudited)		
	Revenue	Capital	Total	Revenue	Capital	Total
Profit for the period (£'000)	313	37,819	**38,132**	335	17,859	**18,194**
Return per Ordinary Share	0.27p	32.10p	**32.37p**	0.31p	16.31p	**16.62p**

Earnings per Ordinary Share is based on the profit for the period of £38,132,000 (31 December 2022: £18,194,000) attributable to the weighted average number of Ordinary Shares in issue during the six months ended 31 December 2023 of 117,824,892 (31 December 2022: 109,501,337).

11. Dividend

The Company's objective is to provide shareholder returns through capital growth with income being a secondary consideration. Therefore, it is unlikely that the Company will pay a dividend under normal circumstances.

12. Share capital

	As at 31 December 2023 (unaudited)		As at 30 June 2023 (audited)	
	No. of shares	£'000	No. of shares	£'000
Allotted, issued and fully paid:				
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	124,939,947	1,249	112,807,812	1,128
Total	**124,939,947**	**1,249**	**112,807,812**	**1,128**

Ordinary Shares

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

Between 1 July 2023 and 31 December 2023, 12,132,000 Ordinary Shares (30 June 2023: 5,240,140 Ordinary Shares issued) have been issued; raising aggregate gross proceeds of £27,592,000 (30 June 2023: £10,735,000).

Since 31 December 2023, 11,370,000 Ordinary Shares have been issued, raising aggregate gross proceeds of £28,413,175. As at the date of this Annual Report, the total number of Ordinary Shares in issue is 136,309,947.

The Ordinary Shares have attached to them full voting, dividend and capital distribution rights. They confer rights of redemption. The Company's special distributable reserve may also be used for share repurchases, both into treasury or for cancellation.

12. Share capital (continued)

Management shares

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

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

Net assets per Ordinary Share as at 31 December 2023 is based on £298,054,000 (30 June 2023: £232,551,000) of net assets of the Company attributable to the 124,939,947 (30 June 2023: 112,807,812) Ordinary Shares in issue as at 31 December 2023.

15. Related party transactions

The amount accrued in respect of the Performance fees due to the Investment Manager for the two and a half years' Performance period is disclosed in Note 7.

White Oak Capital Partners provides investment advisory services to the Investment Manager and no fees are paid to them from the Company.

The annual remuneration of the Board is £40,000 to the Chairman, £32,500 to the Chair of the Audit Committee, and £27,500 to the other Directors. The Directors have the option to receive their fees in cash or in shares in the Company.

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

	As at 31 December 2023 (unaudited)	As at 30 June 2023 (audited)
Andrew Watkins	94,425	94,425
Jamie Skinner	97,438	94,200
Rita Dhut	81,733	81,733
Dr. Jerome Booth	81,971	77,623

16. Subsequent events

There have been no significant events since the period end which would require revision of the figures or disclosure in the Financial Statements.

Alternative Performance Measures

Ordinary share price premium to NAV

The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per Ordinary Share.

		Page	As at 31 December 2023	As at 30 June 2023
NAV per Ordinary Share (pence)	a	2	238.6	206.2
Share price (pence)	b	2	243.0	209.0
Premium	**(b÷a)-1**		**1.8%**	**1.4%**

Share price/NAV total return

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

For the six months ended 31 December 2023 (unaudited)		Page	Share price	NAV
Opening at 1 July 2023 (p)	a	2	209.0	206.2
Closing at 31 December 2023 (p)	b	2	243.0	238.6
Total return	**(b÷a)-1**		**16.3%**	**15.7%**

For the six months ended 31 December 2022 (unaudited)		Page	Share price	NAV
Opening at 1 July 2022 (p)	a	n/a	175.0	174.2
Closing at 31 December 2022 (p)	b	n/a	192.0	191.6
Total return	**(b÷a)-1**		**9.7%**	**10.0%**

n/a = not applicable.

Directors, Investment Manager and Advisers

Directors

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

Investment Manager and AIFM

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