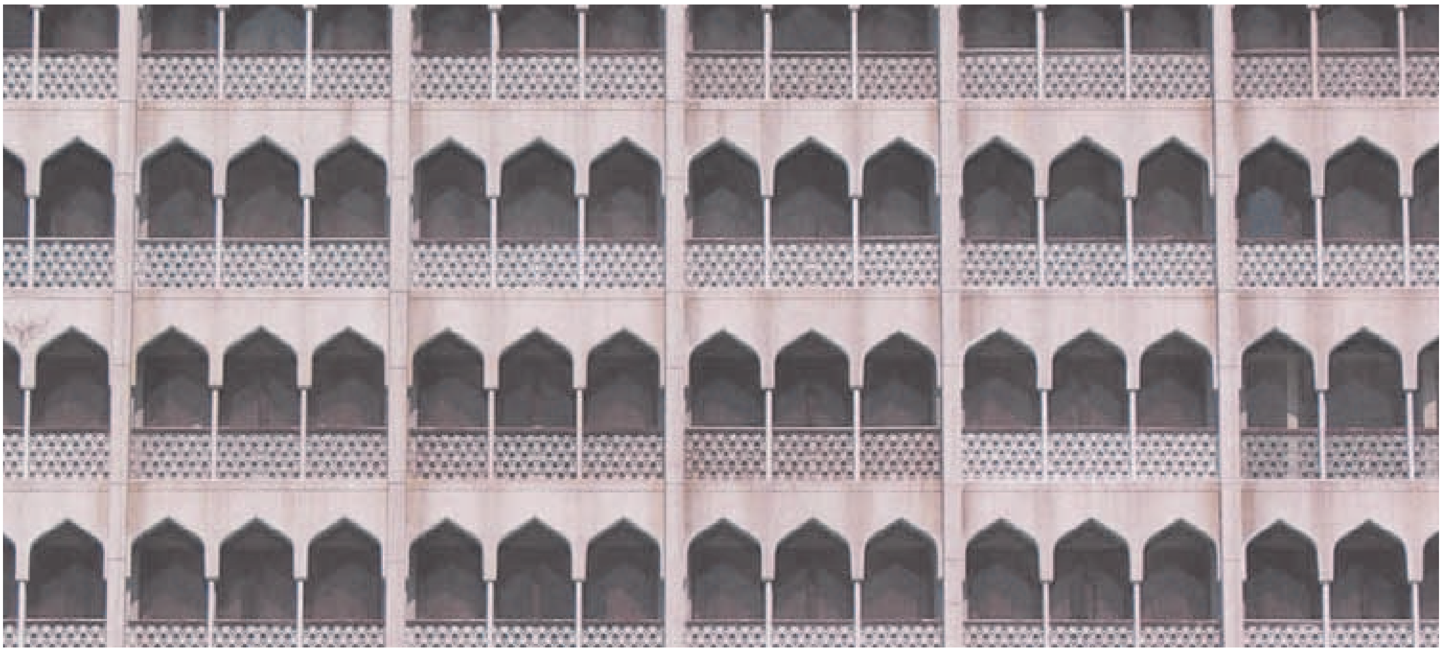
# Aberdeen New India Investment Trust PLC

An investment trust with a concentrated portfolio
of locally-researched Indian equities

**Annual Report**
31 March 2018



Aberdeen

View of city skyline from Marine Drive, Mumbai. With projected GDP of US$10 trillion, India is poised to become the world's third-largest economy by 2030, behind China and the US.

# Contents



## Visit our website

To find out more about Aberdeen New India Investment Trust PLC, please visit: aberdeen-newindia.co.uk

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in Aberdeen New India Investment Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Company Overview

## Financial Highlights for year ended 31 March 2018

| Share price total return[AB] | |
|---|---|
| **–3.5%** | |
| 2017 | +40.9% |

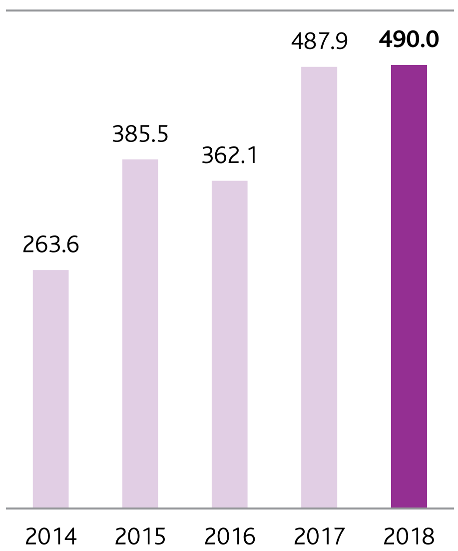
| Net asset value total return[AB] | |
|---|---|
| **+0.4%** | |
| 2017 | +34.7% |

| Benchmark total return[B] | |
|---|---|
| **–1.7%** | |
| 2017 | +36.1% |

[A] Alternative Performance Measure (see pages 11, 75 and 76).
[B] Total return represents capital return plus dividends reinvested.

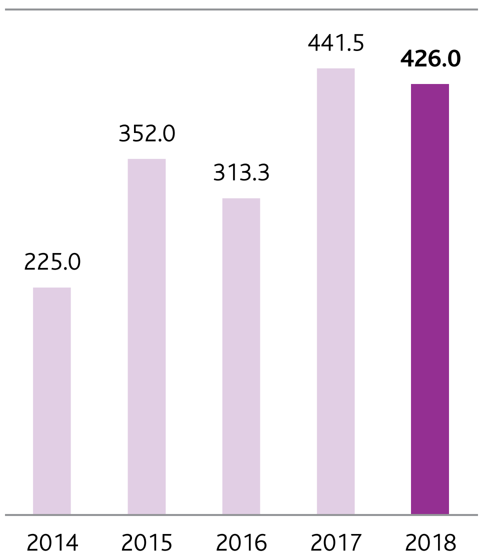
### Net asset value per share

At 31 March – pence




### Mid-market price per share

At 31 March – pence



## Overview

Aberdeen New India Investment Trust PLC (the "Company") is an approved investment trust with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company aims to provide shareholders with long-term capital appreciation by investment in companies which are incorporated in India, or which derive significant revenue or profit from India, with dividend yield from the Company being of secondary importance.

The Company is governed by a Board of Directors, all of whom are independent, and has no employees. Like other investment companies, it outsources its investment management and administration to an investment management company, the Standard Life Aberdeen Group of companies, and other third party providers.

The Company does not have a fixed life but an ordinary resolution to continue the Company is put to shareholders at each Annual General Meeting ("AGM").

## Management

The Company has appointed Aberdeen Fund Managers Limited ("AFML", " Manager", or "AIFM") as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to Aberdeen Asset Management Asia Limited ("AAMAL" or "Investment Manager"). Both companies are wholly owned subsidiaries of Standard Life Aberdeen plc, which was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.

## Financial Calendar

| | |
|---|---|
| **6 September 2018** | Annual General Meeting (12.30pm), Bow Bells House, 1 Bread Street, London, EC4M 9HH |
| **November 2018** | Announcement of Half-Yearly Financial Report for the six months ending 30 September 2018 |
| **June 2019** | Announcement of Annual Financial Report for the year ending 31 March 2019 |

# Chairman's Statement

**Hasan Askari**
Chairman

Dear Shareholder,

For the year ended 31 March 2018, your Company's net asset value ("NAV") per Ordinary share rose by 0.4% to 490.0p as compared to the benchmark MSCI India Index which fell by 1.7% in Sterling terms. However, the Ordinary share price fell by 3.5% to 426.0p reflecting a widening of the discount to NAV from 9.5% on 31 March 2017 to 13.0% on 31 March 2018.

Over the year Indian equities in local currency terms remained largely flat due to a weaker-than-expected recovery in corporate earnings, while rising oil prices also proved a hindrance for a country which is a net oil importer. Although India tends to be relatively insulated from world events, several government-led initiatives played a major role in shaping sentiment, including the implementation of a nationwide Goods and Services Tax ("GST"), as well as capital infusions for debt-ridden state-owned banks. While an appreciating pound dampened absolute returns for UK investors, the underlying portfolio marginally outperformed the benchmark, driven by good stock selection.

In April 2017, markets were still uncertain following the November 2016 demonetisation exercise. The Modi government's commitment to reforms saw it follow through with the introduction of GST in July 2017, but problems with implementation led to a short-term moderation in economic activity. By the year-end, however, there were encouraging signs that sales volumes and consumer sentiment were normalising, aided by assistance from authorities to alleviate the tax burden on smaller businesses and citizens.

The financial sector stood out during the year. It was bolstered by the government's plan to recapitalise state-owned banks, which have been badly affected by a worsening bad-loans problem. This has resulted in low levels of credit growth that has hampered the country's economy. These capital infusions have given public-sector banks the opportunity to strengthen their balance sheets and will hopefully encourage them to start lending again. The funds will also be contingent upon meeting certain performance conditions, including responsible banking, financial inclusion and digitalisation, which should spur all-round improvements in quality.

However, the discovery of a major fraud at Punjab National Bank, the country's second-largest lender by assets, which we do not own, was a stark reminder that the governance standards at state-owned lenders remain inadequate. The scam, which involved over US$2 billion worth of fraudulent transactions linked to two jewellery groups, cast a long shadow over the sector, and the stockmarket more broadly, as more than 30 financial institutions were caught up in investigations. Here, your Manager's focus on quality was demonstrated, as the Company's complete lack of exposure to the beleaguered state-owned banks proved advantageous.

On the whole, the Modi government's ambitious yet consistent reform agenda does appear to be putting India on the right track. This view was reflected by the surprise upgrade of the country's credit rating by Moody's, a ratings agency, which cited expectations for the reforms to improve the business climate and stimulate investments. Significant strides in business-friendliness have propelled India up the World Bank's "Ease of Doing Business" index. More importantly, the changes appear to have been well-received by voters so far, with the ruling Bharatiya Janata Party winning in several subsequent key state elections. While there are fears that the reformist zeal and fiscal discipline may give way to populism ahead of next year's general election, a fairly pragmatic 2018 Budget eased some of those concerns. India regaining the tag of the world's fastest-growing major economy, after three quarters of softer-than-expected growth, was another welcome development.

## Gearing

Following the restructuring of the Company, the Board is keen to take advantage of the greater ease with which the Company can take on gearing. Accordingly, the Board is presently exploring the potential for a bank borrowing facility which the Manager could draw drawn on as and when investment opportunities arise. Such an ability is one of the attractions of a closed-end fund structure.

## Continuation of the Company

Your Board considers that the Company's investment objective remains relevant and appropriate and therefore recommends that Shareholders vote in favour of Ordinary resolution 9 at the Annual General Meeting ("AGM"), to allow the Company to continue as an investment trust. Shareholders will be aware that they have had the opportunity to vote on this resolution annually.

## Standard Life Aberdeen Group

The Directors receive regular updates from the Manager on the progress of integration following the merger between Aberdeen Asset Management PLC and Standard Life plc, that became effective in August 2017. Both companies have set up a dedicated integration team, leaving investment professionals free to concentrate on investment management. The Board is pleased to note that our existing investment management and client servicing teams are unaffected and remain focused on the Company's affairs.

## Regulatory Changes

There have been a number of regulatory changes implemented or announced, recently. Investors should be aware that the Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the Manager, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to a prospective investor making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by regulation. We recommend that all investors should note that the figures in the KID may not reflect returns expected of the Company and that anticipated performance returns cannot be guaranteed.

The Criminal Finances Act 2017 has introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation ("GDPR") on 25 May 2018. The Board is taking the necessary steps to seek the appropriate assurances from its third party service providers to ensure compliance with the new regulations.

## Annual General Meeting

The AGM, which will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Thursday 6 September 2018 at 12.30pm, provides shareholders with an opportunity to ask any questions that they may have of either the Board or the Manager. I look forward to meeting as many of you as possible over a buffet lunch which will follow the AGM.

## Outlook

India faces several challenges in the near term. Inflation, while still under control, could accelerate, which would translate into cost pressures that erode companies' profits, and possible rate-hikes by the central bank. Probes into the banking sector and measures taken by authorities might continue to weigh on the market, while bad debts remain an impediment to sustained credit growth. Global concerns of faster monetary policy normalisation and an intensifying trade war could also hurt sentiment. Elections due no later than May 2019 add a further dimension of uncertainty but, on available evidence, Mr Modi seems set fair.

However, increased market volatility will compel investors to re-focus on fundamentals, and moderate previously-excessive valuations. Earnings also seem to be turning around, and the picture could improve further if the economy continues to rebound and the incipient consumer-demand recovery gains strength. From a broader perspective, the recent reforms will benefit the country's economic standing and business environment over the long term. The government's continued focus on infrastructure upgrading will lend further support to stocks across sectors. India's domestically-focused economy also gives it a degree of insulation from any rising external market volatility. As such, India remains an attractive investment destination. The market is one of the region's best, with a growing pool of businesses with compelling prospects, solid fundamentals and improving governance standards. Your Manager's keen eye for quality should continue to stand the Company in good stead.

**Hasan Askari**
Chairman

13 June 2018

# Strategic Report

The business of the Company is that of an investment company which seeks to qualify as an investment trust for UK capital gains tax purposes. The Directors do not envisage any change in this activity in the foreseeable future.


MFG Metropolitan shopping mall, Jaipur. Consumption in India continues to grow significantly with consumer spending anticipated to rise 5.5 times by 2030.

# Overview of Strategy

## Business Model

The business of the Company is that of an investment company which seeks to qualify as an investment trust for UK capital gains tax purposes. The Directors do not envisage any change either to this model or to the Company's activities in the foreseeable future.

## Investment Objective

The Company aims to provide shareholders with long-term capital appreciation by investment in companies which are incorporated in India, or which derive significant revenue or profit from India, with dividend yield from the Company being of secondary importance.

## Investment Policy

The Company primarily invests in Indian equity securities.

## Risk Diversification

### Delivering the Investment Policy

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equities, debt and convertible securities in companies listed on the Indian stock exchanges or which are listed on other international exchanges and which derive significant revenue or profit from India. The Company may also, where appropriate, invest in open-ended collective investment schemes and closed-end funds which invest in India and are listed on the Indian stock exchanges. The Company is free to invest in any particular market segment or geographical region of India or in small, mid or large capitalisation companies.

The Company's portfolio will typically comprise in the region of 25 to 50 holdings but with due consideration given to spreading investment risk.

### Gearing

The Company is permitted to borrow up to 25% of its net assets (measured when new borrowings are incurred). It is intended that this power should be used to leverage the Company's portfolio in order to enhance returns when and to the extent that it is considered appropriate to do so. Gearing will be used in relation to specific opportunities or circumstances. The Directors will take care to ensure that borrowing covenants would permit flexibility of investment policy. As at 31 March 2018, the Company had no borrowing facility but the Board intends to put one in place (see page 4 of the Chairman's Statement).

### Currency and Hedging Policy

The Company's financial statements are maintained in Sterling while, because of its investment focus, many of the Company's investments are denominated and quoted in currencies other than Sterling, including in particular, the Indian Rupee. Although it is not the Company's present intention to do so, the Company may, where appropriate and economic to do so, employ a policy of hedging against fluctuations in the rate of exchange between Sterling and other currencies in which its investments are denominated. Cash balances are held in such currency or currencies as the Manager considers appropriate, although it is expected that this would primarily be Sterling.

### Investment Restrictions

It is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). The Company does not have any investments in other listed investment companies as at 31 March 2018.

## Benchmark

The Company's benchmark is the MSCI India Index (Sterling-adjusted).

## Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objective. The main Key Performance Indicators ("KPIs") identified by the Board in relation to the Company, which are considered at each Board meeting, are as follows:

| KPI | Description |
| --- | --- |
| Performance of NAV and share price compared to the MSCI India Index return (Sterling-adjusted) | The Board considers the Company's NAV return and share price return, relative to the MSCI India Index (Sterling-adjusted), to be the best indicator of performance over time. The figures for this year and for the past three and five years are set out on page 11 and a graph showing NAV total return performance against the MSCI India Index over the past five years is shown on page 12. |
| Discount to NAV | The discount at which the Company's share price trades relative to the NAV per share is monitored by the Board. A graph showing the discount over the last five years is shown on page 12. |
| Ongoing charges | The Board regularly monitors the operating costs of the Company and the Ongoing charges for this year and the previous year are disclosed in Results on page 11. |

# Overview of Strategy continued

## Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial position, performance and prospects. The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance and solvency. The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet or they can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, both of which are available from the Company's website: aberdeen-newindia.co.uk.

The principal risks and uncertainties faced by the Company are reviewed annually by the Audit Committee in the form of a detailed risk matrix and heat map and they are described in the table below, together with any mitigating actions.

Some of these risks can be mitigated or managed to a greater or lesser extent by the actions of the Board in appointing competent investment managers and depositaries. In addition, the Board seeks to put in place, through its contractual arrangements and through various monitoring processes, controls which should avert (but do not guarantee the avoidance of) what might be regarded as operational mistakes. However, investment tends to involve both risk and opportunity regarding future prospects, and the Board cannot avoid either in the Company's search for returns.

The Company's risk profile may be affected by new uncertainties and instability in financial markets as the United Kingdom negotiates the terms of its exit from the EU. These uncertainties could have a direct or indirect effect on the Company, its financial condition and operations, although the extent is not quantifiable at this time.

An explanation of other risks relating to the Company's investment activities, specifically market price, interest rate, liquidity and credit risk, and a note of how these risks are managed, is contained in note 15 to the financial statements.

| Description | Mitigating Action |
|---|---|
| Market risk - falls in the prices of securities issued by Indian companies, which may themselves be determined by local and international economic, political and financial factors and management actions. | The Investment Manager seeks to diversify market risk by investing in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition, investments are made in diversified sectors in order to reduce the risk of a single large exposure; at present the Investment Manager may not invest more than 10% of the Company's net assets in any single stock (measured when the investment is made) unless a specific waiver is sought from the Board.<br><br>The Investment Manager believes that diversification should be looked at in absolute terms rather than relative to the MSCI India Index. The performance of the portfolio relative to the MSCI India Index and the underlying stock weightings in the portfolio against their index weightings are monitored closely by the Board. |
| Foreign exchange - adverse movements in the exchange rate between Sterling and the Rupee, as well as between other currencies, affecting the overall value of the portfolio. | The Board monitors the Rupee/Sterling exchange rate and reviews the currency impacts on both capital and income at each meeting although the Company did not hedge its foreign currency exposure during the year. |
| Discount - factors which affect the discount to NAV at which the Ordinary shares of the Company trade. These may include the popularity of the investment objective of the Company, the popularity of investment trust shares in general and the ease with which the Company's Ordinary shares can be traded on the London Stock Exchange. | The Board keeps under review the discount and may consider selective buyback of shares where to do so would be in the best interests of shareholders, balanced against reducing overall size of the Company. Any shares bought back would be either cancelled or held in treasury. |

| | |
|---|---|
| **Depositary risk** - insolvency of the depositary or custodian or sub-custodian, or a shortfall in the assets held by that depositary, custodian or sub-custodian arising from fraud, operational errors or settlement difficulties resulting in a loss of assets owned by the Company. | The depositary, BNP Paribas, presents to the Board at least annually on the Company's compliance with AIFMD. The Manager separately monitors the activities of the depositary and reports to the Board on any exceptions arising. |
| **Regulatory risk** - changes in or breaches of the complicated set of statutory, tax and regulatory rules within which the Company seeks to conduct its business. | The Board is responsible for ensuring the Company's compliance with applicable regulations. Monitoring of this compliance, and regular reporting to the Board thereon, has been delegated to the Manager.<br><br>In particular, the Board receives reports from the Manager covering investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends with a view to ensuring that the Company continues to qualify as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. A breach of these regulations would mean that the Company is no longer exempt from capital gains tax on profits realised from the sale of its investments.<br><br>The Board receives updates from the Manager and AIC briefings concerning industry changes. From time to time, the Company also employs external professionals to advise on any specific areas of compliance.<br><br>The Company may be liable to Indian short-term capital gains tax of 15% although this is likely to be partly mitigated through the Manager's investment process with its emphasis on buy-and-hold. |

## Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme run by Standard Life Aberdeen Group on behalf of a number of investment companies under its management. The Company's financial contribution to the programme is matched by the Standard Life Aberdeen Group. The Standard Life Aberdeen Group promotional activities team reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the composition of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports the Standard Life Aberdeen Group's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

## Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow the Board to fulfill its obligations. As at 31 March 2017 and 31 March 2018, there were three male Directors and one female Director.

## Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Fund Managers Limited and there are therefore no disclosures to be made in respect of employees. The Company's socially and environmentally responsible investment policy is outlined on page 30.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. Notwithstanding this, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

# Overview of Strategy continued

## Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

## Duration

The Company does not have a fixed life, but an ordinary resolution to continue the Company is put to shareholders at each AGM.

## Viability Statement

The Company does not have a fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board regards the Company, with no fixed life, as a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a medium term horizon and the inherent uncertainties of looking out further than three years.

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

In forming this expectation, the Directors looked to the following:

- a significant proportion of the expenses are proportional to the Company's NAV and will reduce if the NAV falls;
- the Company has a reasonably liquid investment portfolio; and
- the Company has no current borrowings.

In particular the Board recognises that this assessment makes the assumption that the resolution to continue the Company, which is put to shareholders at each AGM, is passed at the next AGM on 6 September 2018, and at the two subsequent AGMs, as it has been previously.

In making this assessment, the Board has also considered that matters such as a large economic shock, a period of significant stock market volatility, a significant reduction in the liquidity of the portfolio, or changes in regulations and investor sentiment, could have an impact on its assessment of the Company's prospects and viability in the future.

## Likely Future Developments

The Board expects the Company to continue to pursue its investment objective and accepts that this may involve divergence from the benchmark. The companies which make up the investment portfolio are considered by the Investment Manager to demonstrate resilience and to offer opportunities for investors to benefit from the development of the broader Indian economy. Further information on the outlook and future developments of the Company may be found in the Chairman's Statement on pages 4 and 5 and in the Investment Manager's Report on pages 13 to 16.

**Hasan Askari**
Chairman

13 June 2018

# Results

## Financial Highlights

| | 31 March 2018 | 31 March 2017 | % change |
|---|---|---|---|
| Equity shareholders' funds (net assets) | £289,444,000 | £288,190,000 | +0.4 |
| Market capitalisation | £251,639,000 | £260,795,000 | –3.5 |
| Share price (mid market) | 426.00p | 441.50p | –3.5 |
| Net asset value per share | 490.00p | 487.88p | +0.4 |
| Discount to net asset value | 13.1% | 9.5% | |
| | | | |
| Total return per share | 2.12p | 125.81p | |
| Revenue loss per share | (0.71p) | (0.28p) | |
| Revenue reserves per share | (1.50p) | (0.80p) | |
| Gross portfolio yield[A] | 1.1% | 1.1% | |
| MSCI India yield[A] | 1.4% | 1.3% | |
| Prospective portfolio P/E ratio[B] | 29.8x | 26.7x | |
| | | | |
| **Operating costs** | | | |
| Ongoing charges ratio[C] | 1.25% | 1.31% | |

[A] Source – AAMAL (estimated information)/Factset.
[B] Consensus broker views.
[C] Considered to be an Alternative Performance Measure. Ongoing charges ratio is calculated in accordance with recent guidance issued by the AIC as the total of the investment management fee and administrative expenses of the Company and Subsidiary divided by the average net asset value including income throughout the year.

## Performance (total return, in Sterling terms)

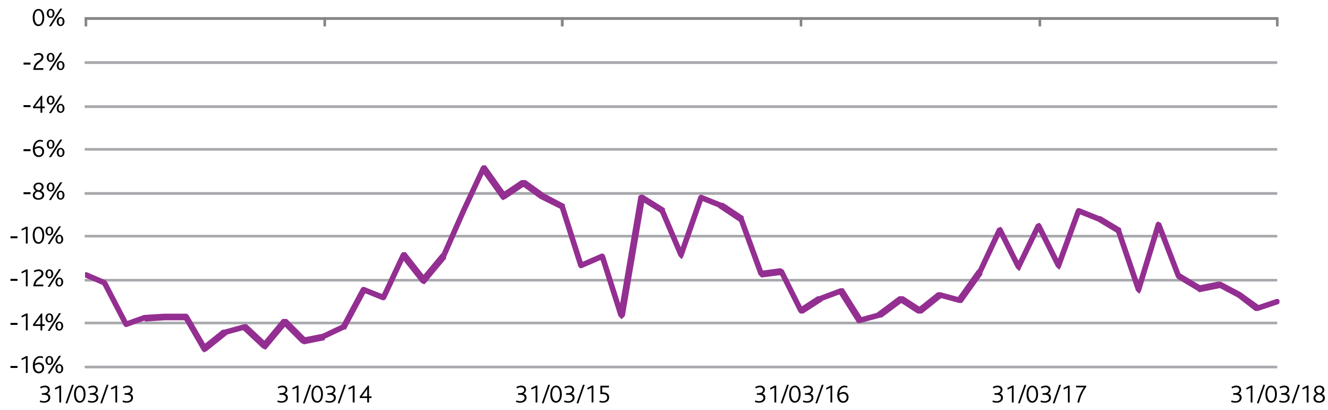
| | 1 year<br>% return | 3 year<br>% return | 5 year<br>% return |
|---|---|---|---|
| Share price[A] | –3.5 | +21.0 | +79.7 |
| Net asset value per Ordinary share[A] | +0.4 | +27.1 | +82.4 |
| MSCI India Index (sterling adjusted) | –1.7 | +20.0 | +58.1 |

[A] Considered to be an Alternative Performance Measure. Total return represents capital return plus dividends reinvested. For one year return calculation see the Glossary on page 75.
Source: Standard Life Aberdeen, Morningstar & Lipper.

# Performance

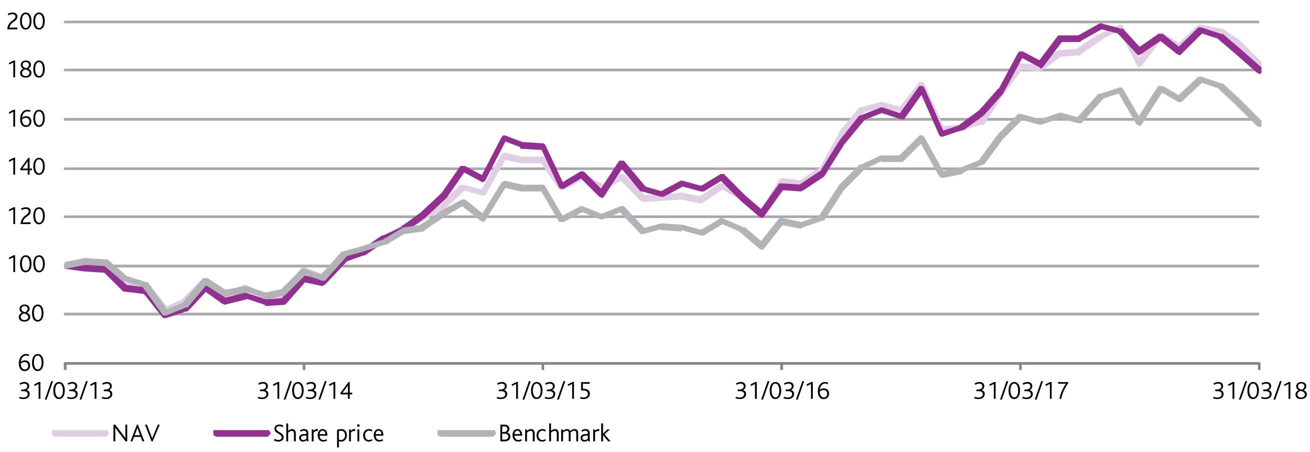
## Share Price Discount to NAV

Five years ended 31 March 2018




## Total Return of NAV and Share Price vs MSCI India Index (Sterling adjusted)

Five years ended 31 March 2018 (rebased to 100 at 31 March 2013)




## Ten Year Financial Record

| Year to 31 March | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total income (£'000)**[A] | 1,347 | 1,335 | 2,338 | 2,702 | 2,414 | 376 | 341 | 374 | 3,104 | 3,318 |
| **Per share (p)** | | | | | | | | | | |
| Net revenue return | 0.18 | (0.63) | 0.15 | 0.61 | 0.20 | (0.36) | (0.39) | (1.06) | (0.28) | (0.71) |
| Total return | (41.03) | 139.19 | 31.71 | (24.95) | 24.75 | (5.16) | 121.94 | (23.42) | 125.81 | 2.12 |
| **Net asset value per share (p)** | | | | | | | | | | |
| Basic | 137.45 | 275.42 | 268.90 | 243.96 | 268.71 | 263.55 | 385.49 | 362.07 | 487.88 | 490.00 |
| Diluted | 129.36 | 239.44 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| **Shareholders' funds (£'000)** | 63,653 | 129,320 | 158,842 | 144,105 | 158,726 | 155,680 | 227,708 | 213,874 | 288,190 | 289,444 |

[A] Years 2009 to 2013 reflect the consolidated amounts of the Company and its Subsidiary, years 2014 to 2018 reflects amounts relating to the Company only following the application of IFRS 10 'Consolidated Financial Statements' including the Amendments, 'Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)(Investment Entity Amendments). 2017 reflects the transfer of securities to the Company from its Subsidiary.

# Investment Manager's Report

## Performance

The Company's net asset value grew by 0.4% in sterling terms in the 12 months ended 31 March 2018, while the share price fell by 3.5%, versus the benchmark MSCI India Index's total return of -1.7%. Our quality focused stockpicking process held us in good stead, as outperformance was driven by robust stock selection, particularly in health care and financials.

## Economic News

Indian equities were muted over the year under review. Fears of quicker than expected monetary policy tightening in the US and heightened trade tensions between the US and China triggered a global sell-off. Rising oil prices stoked concerns that inflation could begin to pose a bigger threat to Indian corporate earnings and constrict consumer spending.

The domestic stockmarket started the review period on an upbeat note, as corporate earnings recovered from the short term slump triggered by the cash crunch induced by demonetisation. Equities were also boosted by the government's 2.1 trillion rupee plan to recapitalise state banks.

However, sentiment began to turn sour after the 2018 Budget revealed a widening trade deficit and proposed reviving a long term capital gains tax, which had been kept at zero since 2014. At first glance, it seemed like a poor proposition, raising the cost of equity and potentially causing flows to slow. But finance minister Arun Jaitley chose to bite the bullet at a time when the domestic economy appeared to be becoming fundamentally stronger and companies were in better shape. Over the long run, the size and strength of the domestic economy will support capital markets. With fiscal deficit slippage, the government is looking at ways to increase its revenues, given that GST collections have been below target and money raised from telecom spectrum auctions is unlikely to materialise next year.

Shares in the financials sector were adversely affected after state run Punjab National Bank (PNB), India's second largest lender by assets (which we do not hold), uncovered around US$2 billion worth of fraudulent transactions at a Mumbai branch. The investigation widened to cover more than 30 banks, and led to arrests and travel bans. It served as a reminder that credit controls and risk management standards at state-owned banks in India remain far behind the majority of professionally managed private sector lenders. Our preference continues to lie with private sector lenders.

Elsewhere, the new GST regime appears to have stabilised, and companies began to see a recovery in volume growth. Your Company's holdings were generally well prepared for this change. Most did report some teething difficulties, but the government's attempts at clarifying the issues and giving some leeway to companies to file their tax returns late helped with the transition.

## Portfolio Overview

Health care was the weakest sector by far in India during the year under review, yet the portfolio's stock selection boosted relative performance. At the stock level, Piramal Enterprises was a key contributor. While it remains categorised under health care in the benchmark index, the stock was buoyed by investor confidence in its financial division. It raised capital to fund the growth opportunity it sees in consumer financing and to support its bolt-on acquisition strategy in pharmaceuticals. The company consolidated its real estate and non-real estate financing arms as well as its new housing finance business under one entity, Piramal Capital. Investors were optimistic about the possibility of their newly formed subsidiary being spun off in the future to unlock value. Biosimilars business Biocon also outperformed, after its results exceeded expectations and it achieved US regulatory approval for a new cancer treatment – biosimilars are drugs designed with similar properties to those already licensed.

Our holdings in financials also aided performance, and supported our conviction that private sector banks are in better shape than their state-run counterparts. The lack of exposure to State Bank of India was positive, as the government lender grappled with tighter regulations and suffered from waning public confidence in state-owned banks in the wake of the Punjab National Bank fraud. Although the fall-out from the scandal was negative for the sector, the portfolio's better quality private lenders were resilient, especially those not exposed to corporate loans. Gujarat-focused home loan provider Gruh Finance and consumer and retail lender HDFC Bank, both subsidiaries of Housing Development Finance Corp, were among the Company's best performing stocks over the year.

Among information technology stocks, mid-cap holding MphasiS was buoyed by good results and investor confidence in its plans for expansion through acquisitions. The stock has benefited under the ownership of Blackstone, with better access to potential clients and contract opportunities. Most recently, it won a contract from CitiMortgage for its digital mortgage platform. Tata Consultancy Services (TCS) and Infosys also did well on the back of better earnings and a positive outlook, with the underweight to Infosys dampening returns slightly.

Materials holding Kansai Nerolac Paints was another key contributor, having benefited from low input costs, good margins and a growth recovery post demonetisation. It continued to gain market share in both the auto paints and decorative segments.

The lack of exposure to Reliance Industries, continued to be a drag on performance. The index heavyweight rose alongside the oil price, and as its new telecoms business gained ground. Although the market expected that the Jio venture would eventually become more rational in its pricing policy, that has not materialised. We remain sceptical of the company's aggressive capital allocation decisions that are not focused on returns, and are not always shareholder friendly. In contrast, the portfolio's sole energy holding, Aegis Logistics, is a high quality stock with a robust balance sheet that has contributed to returns since its initiation into the portfolio.

The consumer discretionary sector was the biggest detractor. Our holding in Bosch was hampered by soft earnings, but we remain confident that the company, with its technological leadership and cost efficiencies, is well placed to benefit from a recovery in automotive demand.

Elsewhere, ITC fell on the back of cigarette tax hikes following the implementation of GST. It raised product prices in response and later reported better quarterly results.

## Sector views

### Information Technology

The sentiment towards IT services companies appears to be reversing. The sector has faced structural growth challenges for some time, including managing the shift towards digital, pricing pressures and wage pressures particularly with the increasingly protectionist stance from the US, a key market for many of these companies. However, upbeat quarterly results and forecasts have highlighted improving prospects for IT spending. Holdings TCS and Infosys have managed the declines of the commoditised segments and cost pressures well, while growing their digital capabilities faster.

Amid the industry's growth challenges, we have long maintained that IT companies are highly profitable, cash generative businesses that are attractively valued. Your Company is well positioned for this cyclical upswing, with an active overweight to the sector. TCS and Mphasis remain our preferred core positions. While we have reduced our position in Infosys for governance reasons (see 'Portfolio changes' section), we continue to monitor for progress and stability at the management and board levels.

### Energy

We recently revisited our investment thesis for not holding index heavyweight Reliance Industries, and concluded that we continue to see no reason to change our view. Our reservations are primarily premised on weak governance standards at the promoter level and the company's aggressive spending in various non-core businesses, including retail and telecoms, where it lacks a credible track record.

We also do not hold the state-owned energy companies, which are subject to policy risks. The portfolio's only exposure is through Aegis Logistics, an oil and gas logistics provider that has a first mover advantage in establishing a network of terminals, handling bulk liquids and liquefied petroleum gas, near its customers. It has delivered solid earnings, driven by steady volume growth at its LPG terminals, and the ongoing expansion of its terminal capacity should help improve income even further.

### Financials

The sector is dominated by poorly run and undercapitalised state banks, which are losing market share to more efficient and better managed private sector peers. The bulk of the government's recent recapitalisation programme will go towards bailing out the weaker state-owned banks in the first instance, rather than the large ones like State Bank of India. This likely means that private sector banks will remain comfortably ahead of the competition for now, as the move prevents much needed consolidation in the industry.

The fraud scandal at Punjab National Bank, the country's second largest state-owned bank, served as a reminder that controls and systems are far weaker among public lenders, and they still have long way to go to catch up with their private sector peers.

We expect the private lenders to gain more ground, as they have capital for growth, cleaner balance sheets and more nimble management. Your Company has exposure to the HDFC group of companies, including HDFC, HDFC Bank and Gruh Finance; Kotak Mahindra Bank; and ICICI Bank. We have recently added life insurer Max Financial Services and diversified financial services company Aditya Birla Capital.

### Consumer Discretionary

We continue to prefer the two wheeler segment, which has less competition and more economies of scale than the auto market. It is also more resilient as motorcycles are more affordable and functional, often seen as a necessity rather than a luxury item. As such, your Company holds Hero MotoCorp.

Improving rural demand bodes well for the industry, especially Hero, as evidenced by its recent volumes recovery (although this came off a low demonetisation base). The concern now is cost inflation, although management still expects a continuation of double digit growth into 2019.

### Consumer Staples

The fast moving consumer goods landscape is competitive, with homegrown brands, such as Godrej Consumer Products, Jyothy Laboratories and Emami, competing against the likes of Hindustan Unilever, Nestle and Proctor & Gamble. Companies such as Godrej cater to local taste and regional preferences, while the multinational companies own well-known brands and more aspirational products. We choose the best from both worlds: Hindustan Unilever has the widest portfolio of household and personal products; ITC is dominant in tobacco; Godrej is a leader in household and personal products in India and the emerging markets; and Emami is known for its herbal and ayurvedic products.

Two quarters on from the roll out of GST, results showed the normalisation of demand conditions and trade channels. Hindustan Unilever enjoyed growth across categories in both rural and urban areas, and Godrej Consumer also reported solid numbers although there were pockets of softness in its household insecticides and international businesses. Emami, like other smaller companies that are more dependent on wholesale channels, did not fare as well. We expect this to turn around as the company shifts towards direct distribution.

### Materials

The portfolio has a big exposure to this sector but we eschew the metals and mining companies, which are cyclical and highly leveraged, backed by aggressive promoters and subject to regulatory and political risks. Instead, we find the most attractive companies in the cement and paint sub-segments. We complement positions in Grasim Industries and its cement subsidiary, Ultratech Cement, with Swiss group Holcim's subsidiary, Ambuja Cements, and newly introduced Shree Cement. Your Company is also invested in well run and financially robust subsidiaries of multinationals that excel in their fields, including paint manufacturers Kansai Nerolac and Asian Paints as well as lubricants maker Castrol India.

The Union Budget's focus on infrastructure was positive for the cement companies, but margins have suffered from the ban on cheaper raw material petroleum coke (which has now been lifted), higher fuel and freight costs. Ambuja Cement is a standout stock in terms of having been successful at improving cost controls enough to offset these pressures. The paint companies have also been hampered by persistently high raw material costs, especially since China began cracking down on titanium dioxide exports on the back of environmental issues. This has hurt paint companies across the region, not just in India.

### Healthcare

India is the largest manufacturer of generic drugs globally. Although the key US market is turning more protectionist and regulatory uncertainty has increased under the Trump administration, the portfolio's two large pharmaceutical holdings – Sun and Lupin – are well positioned with their focus on higher value specialty and branded generics. We have supplemented this exposure with a small holding in Biocon that, along with its partner Mylan, has the potential to tap opportunities in biosimilars, as well as positions in multinationals GlaxoSmithKline India and Sanofi India, which channel their drug pipelines into the Indian market. Piramal Enterprises, although growing its financial services business, also offers healthcare exposure through its contract research and manufacturing operations, inhalation anaesthesia portfolio and healthcare data analytics division.

Sun Pharmaceutical and Lupin both reported disappointing earnings due to the pressures in the US. Sun Pharma was also the sole portfolio holding so far to have taken a one-off taxation hit at a key US entity on the back of the tax reforms there. In contrast, Biocon is gaining traction with biosimilars, with four potential approvals in the US and EU as well as a commercialisation push in emerging markets.

### Industrials

The sector remains challenged by the slowdown in manufacturing activity, infrastructure bottlenecks, regulatory uncertainty and high leverage. Portfolio exposure is limited to ABB India, which makes and sells power and automation equipment; Container Corporation, a rail freight operator; and, more recently, Thermax, a provider of energy and environment engineering solutions.

ABB India and Thermax saw a pick-up in orders, with new inflows coming from infrastructure, transport, metals and mining. Container Corporation gained share in the Jawaharlal Nehru Port, which has driven volume growth, and saw empty running costs decline. Railway tariffs (a cost to the company) remained stable, while pricing increased. The dedicated freight corridor between its Mundra and Pipavav ports is expected to be connected in the next financial year.

### Utilities

This sector, made up of power and gas utilities, has been hamstrung by supply shortages of gas and coal as well as regulatory uncertainty. The government is tackling reform of power distributors, given the declining losses at state electricity boards. But more needs to be done to adjust tariffs, reduce losses and ensure timely subsidy payments by the states. Such restructuring will attract more investments to the sector. Your Company's exposure is limited to Gujarat Gas, the largest domestic city gas distributor.

Gujarat Gas' earnings improved as gas gained market share. Margins should also be boosted by the full impact of price hikes and normalisation of LNG gas costs.

### Telecommunication Services

The market is one of the most competitive globally, and the large players, including Bharti Airtel and Vodafone, continue to battle hard for market share, especially with Reliance Jio's recent entry. Over the longer term, the industry could benefit from the exit of weaker operators and growth of data services. Some consolidation has already taken place with Vodafone buying Idea Cellular.

Bharti Airtel continued to post contraction in both margins and earnings. On the bright side, its African operations continued to show improvements, and the company is considering listing that segment. Despite the challenges in the Indian market, Singapore Telecoms remains committed and recently increased its Bharti stake to 39.5%.

## Strategy

Despite the recent volatility in global markets, trade and export figures remain encouraging and the world economy continues to look buoyant. Domestically, India appears to have bounced back well from the short term challenges that painful, but necessary, reforms have brought with them, with consumer spending on the pick-up and rural demand, in particular, starting to show signs of life after a lengthy hibernation. However, a sustained economic recovery continues to elude the country. The risks now are more focused on costs and inflation, but the consumer companies we have spoken to are confident about passing these on through higher prices, as the middle class grows and more Indians accumulate disposable income. With the general elections just a year away, we do not expect any new big-bang reforms from Mr Modi in the near term, although some populist policies are bound to appear as election sweeteners ahead of May 2019. In terms of valuations, the recent correction has brought Indian equities more closely in line with their Asian peers, and allowed us opportunities to add to high quality stocks that may have been less attractively priced before. We still think India has much to offer, and continue to build and maintain a portfolio of diverse and steady businesses that can add value in the long term.

## Portfolio changes

India has seen a proliferation of new listings in the last year or so. We see this as a positive and dynamic development, as India grows the pool of attractive companies and provides opportunities to improve the quality of the portfolio. During the year we took advantage of this change to exchange certain larger capitalisation holdings for mid and smaller capitalisation investments.

We introduced diversified agribusiness Godrej Agrovet, by participating in its initial public offering (IPO) and subsequently adding to our position. It is backed by a reputable promoter group, whose name is a well recognised household brand in India. The company has a good record in animal feeds, crop protection and palm oil. Its well run distribution networks, farmer relationships and research & development capabilities put it in a good position to grow its dairy and integrated poultry divisions. It is poised to benefit from the increasingly organised domestic agricultural sector, as well as the growing trend in the country of protein consumption.

We also participated in the IPO of Bandhan Bank, a microfinancing lender with a solid operating and governance track record. Management is focused on growing in north and north-east India, which remain largely underpenetrated, while also cautiously diversifying into other segments with its universal banking licence.

We initiated a position in major private sector life insurer Max Financial Services. This is another well managed company backed by a credible promoter group, and has an agency force that is profitable and productive, driven by a sharp focus on customer and policy retention.

As shareholders in Grasim Industries, we received shares in Aditya Birla Capital (ABC), which is a well run diversified financial services group owned by Grasim, and trimmed other positions where share prices had been strong to build on our position in ABC. The distribution of its shares gives ABC greater financial flexibility to access capital markets in its own name. We also remain confident that the Grasim restructure is an overall positive for the business, as it consolidates operations and streamlines efficiencies.

We sold cement producer ACC, a sister company of Ambuja Cement which we still hold. We used the proceeds to initiate a position in Shree Cement, a robust cement operator in north-eastern India that has been growing steadily over the years.

We reduced our exposure to Infosys, and used the proceeds to add to Tata Consultancy Services and Cognizant.

**Aberdeen Asset Management Asia Limited**
Investment Manager

13 June 2018

# Portfolio

The Company's net asset value grew by 0.4% in sterling terms in the 12 months ended 31 March 2018 versus the benchmark MSCI India Index's total return of -1.7%. The Manager's quality-focused stock-picking process held the Company in good stead, as outperformance was driven by robust stock selection, particularly in health care and financials.


Indira Gandhi International Airport in Delhi which is India's busiest airport where passenger traffic has doubled since 2007.


Infosys, a portfolio company, provides business consulting, information technology and outsourcing services to clients in 45 countries around the world from its headquarters in Bengaluru, Karnataka, India.

Portfolio

# Ten Largest Investments

As at 31 March 2018

| Company | Sector | Valuation 2018 £'000 | Net assets 2018 % | Valuation 2017 £'000 |
|---|---|---|---|---|
| **Housing Development Finance Corporation**<br>Domestic mortgage provider with a leading distribution network, cost structure and balance sheet quality. | Financials | 27,775 | 9.6 | 25,796 |
| **Tata Consultancy Services**<br>A global provider of information services, consulting and digital and business solutions to large enterprises. | Information Technology | 21,016 | 7.3 | 19,530 |
| **Kotak Mahindra Bank**<br>A privately-owned full-service commercial lender in India. The company has a good geographic profile following its merger with Vysya Bank, and is able to cross-sell products across an enlarged branch network. | Financials | 13,080 | 4.5 | 12,219 |
| **ITC**<br>The leading manufacturer and distributor of cigarettes in India. It supplements this by selling other consumer products through its extensive distribution network. An associate of British American Tobacco. | Consumer Staples | 13,025 | 4.5 | 16,147 |
| **Piramal Enterprises**<br>The diversified conglomerate is in the process of streamlining operations by splitting its core segments – financial services and pharmaceutical, into two listed companies. This is expected to unlock value and unwind the conglomerate's discount by separating its distinct and unrelated businesses. | Healthcare | 12,393 | 4.3 | 10,644 |
| **Hindustan Unilever**<br>The largest fast-moving consumer goods company (FMCG) in India, with a solid domestic franchise in personal care and home care products. | Consumer Staples | 11,869 | 4.1 | 10,553 |
| **Godrej Consumer Products**<br>A manufacturer of personal care, hair care, household care and fabric care products. | Consumer Staples | 10,496 | 3.6 | 10,759 |
| **Container Corporation of India**<br>A carrier and operator of terminals and warehouses, it provides logistics services across ports, air, railways and road networks. The company has a robust balance sheet and stands to benefit from India's need for large-scale infrastructure investment. | Industrials | 10,242 | 3.5 | 7,779 |
| **Grasim Industries**[A]<br>A diversified operating company, part of the Aditya Birla group which manufactures a wide range of products including viscose staple fibre, cement, chemicals and textiles. | Materials | 9,939 | 3.4 | 13,800 |
| **MphasiS**<br>A mid-sized Indian IT service company offering applications, business process outsourcing and infrastructure services, which is majority owned by HP. It has strong operational cash flow and a solid balance sheet. | Information Technology | 9,795 | 3.4 | 6,270 |
| **Top ten investments** | | **139,630** | **48.2** | |

[A] Comprises equity and listed or tradeable Global Depositary Receipt ("GDR") holdings.

Portfolio

# Other Investments

As at 31 March 2018

| Company | Sector | Valuation 2018 £'000 | Net assets 2018 % | Valuation 2017 £'000 |
|---|---|---|---|---|
| Kansai Nerolac Paints | Materials | 9,535 | 3.3 | 10,166 |
| HDFC Bank | Financials | 9,486 | 3.3 | 8,845 |
| Hero MotoCorp | Consumer Discretionary | 9,266 | 3.2 | 9,517 |
| Sun Pharmaceutical Industries | Healthcare | 8,712 | 3.0 | 10,343 |
| Infosys | Information Technology | 8,424 | 2.9 | 18,579 |
| Nestlé India | Consumer Staples | 8,194 | 2.8 | 7,505 |
| Ultratech Cement[A] | Materials | 7,871 | 2.7 | 7,923 |
| Bosch | Consumer Discretionary | 7,129 | 2.5 | 10,004 |
| Gruh Finance | Financials | 7,107 | 2.5 | 5,529 |
| Ambuja Cements[A] | Materials | 6,995 | 2.4 | 9,795 |
| Top twenty investments | | **222,349** | **76.8** | |
| ICICI Bank | Financials | 5,302 | 1.8 | 5,377 |
| Cognizant Technology Solutions | Information Technology | 4,939 | 1.7 | 2,095 |
| Sanofi India | Healthcare | 4,807 | 1.7 | 4,920 |
| Biocon | Healthcare | 4,672 | 1.6 | 3,343 |
| Jyothy Laboratories | Consumer Staples | 4,543 | 1.6 | 2,876 |
| Gujarat Gas | Utilities | 4,463 | 1.5 | 4,912 |
| ABB India | Industrials | 3,628 | 1.3 | 4,371 |
| Godrej Agrovet | Consumer Staples | 3,112 | 1.1 | – |
| Aegis Logistics | Energy | 2,931 | 1.0 | 2,368 |
| Bharti Infratel | Telecommunication Services | 2,865 | 1.0 | 2,526 |
| Top thirty investments | | **263,611** | **91.1** | |
| Emami | Consumer Staples | 2,743 | 1.0 | 2,550 |
| Shree Cement | Materials | 2,639 | 0.9 | – |
| Max Financial Services | Financials | 2,622 | 0.9 | – |
| Lupin | Healthcare | 2,463 | 0.9 | 4,900 |
| Castrol India | Materials | 2,369 | 0.8 | 2,815 |
| Bharti Airtel | Telecommunication Services | 2,051 | 0.7 | 2,022 |
| Aditya Birla Capital | Financials | 1,863 | 0.7 | – |
| Thermax | Industrials | 1,808 | 0.6 | 1,500 |
| GlaxoSmithKline Pharmaceuticals | Healthcare | 1,585 | 0.5 | 2,341 |
| Asian Paints | Materials | 1,470 | 0.5 | 1,581 |
| Bandhan Bank | Financials | 133 | – | – |
| **Total portfolio investments** | | **285,357** | **98.6** | |
| **Other net current assets held in subsidiaries** | | **27** | **–** | |
| **Total investments** | | **285,384** | **98.6** | |
| **Net current assets** | | **4,060** | **1.4** | |
| **Net assets** | | **289,444** | **100.0** | |

[A] Comprises equity and listed or tradeable GDR holdings.

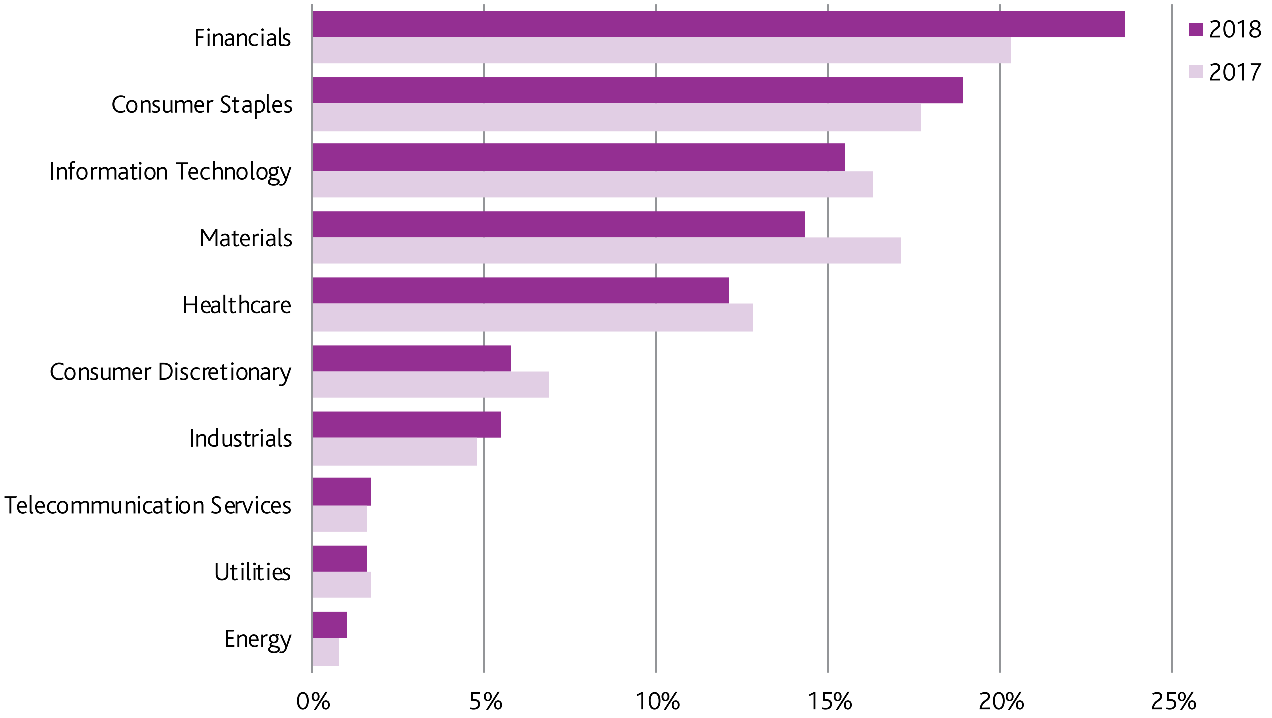
Unless otherwise stated, investments are in common stock. Purchases and/or sales effected during the year will result in 2018 and 2017 values not being directly comparable. Where 2017 valuation is "-" this indicates the company was not held at the previous year-end.

Portfolio

# Sector Analysis and Currency Graph

As at 31 March 2018

## Sector Breakdown




## Indian Rupee/Sterling Currency Movement

Year to 31 March 2018

# Stock Contribution to NAV Performance

As at 31 March 2018

| Stock name | Year end weight % | Total returns % | Contribution to return % | Contribution to NAV return pence |
|---|---|---|---|---|
| Hindustan Unilever | 4.09 | 32.18 | 1.09 | 5.31 |
| MphasiS | 3.40 | 32.62 | 0.77 | 3.77 |
| Housing Development Finance Corporation | 9.60 | 9.12 | 0.76 | 3.73 |
| Piramal Enterprises | 4.25 | 15.46 | 0.65 | 3.16 |
| Godrej Consumer Products | 3.62 | 16.73 | 0.64 | 3.13 |
| Kansai Nerolac Paints | 3.31 | 18.83 | 0.64 | 3.12 |
| Tata Consultancy Services | 7.25 | 6.42 | 0.55 | 2.69 |
| Gruh Finance | 2.47 | 29.95 | 0.54 | 2.65 |
| HDFC Bank | 3.26 | 16.88 | 0.50 | 2.43 |
| Biocon | 1.61 | 40.13 | 0.43 | 2.09 |
| Grasim Industries | 2.05 | 9.30 | 0.32 | 1.57 |
| Kotak Mahindra Bank | 4.51 | 6.76 | 0.28 | 1.36 |
| Container Corporation of India | 3.53 | 9.68 | 0.27 | 1.34 |
| Cognizant Technology Solutions | 1.70 | 21.76 | 0.26 | 1.29 |
| Nestlé India | 2.83 | 10.39 | 0.26 | 1.25 |
| Grasim Industries GDR | 1.39 | 11.22 | 0.19 | 0.95 |
| Aegis Logistics | 1.01 | 19.06 | 0.15 | 0.75 |
| ACC[B] | – | – | 0.11 | 0.54 |
| Aditya Birla Capital[B] | – | – | 0.03 | 0.13 |
| Bharti Airtel | 0.71 | 2.07 | 0.02 | 0.10 |
| Thermax | 0.63 | 4.03 | 0.02 | 0.08 |
| Hero MotoCorp | 3.21 | (0.05) | 0.01 | 0.06 |
| Godrej Agrovet[A] | 1.07 | – | 0.01 | 0.05 |
| Bandhan Bank[A] | 0.05 | – | 0.01 | 0.05 |
| Jyothy Laboratories | 1.57 | (1.55) | 0.00 | (0.02) |
| ICICI Bank | 1.82 | (1.00) | (0.01) | (0.07) |
| Sanofi India | 1.66 | (0.42) | (0.02) | (0.11) |
| Ultratech Cement GDR | 0.21 | (12.05) | (0.03) | (0.13) |
| Asian Paints | 0.51 | (6.46) | (0.03) | (0.16) |
| Gujarat Gas | 1.54 | (3.45) | (0.06) | (0.28) |
| Ambuja Cements | 0.43 | (13.70) | (0.06) | (0.29) |
| Bharti Infratel | 0.99 | (7.26) | (0.10) | (0.49) |
| Emami | 0.94 | (10.71) | (0.10) | (0.50) |
| ABB India | 1.26 | (10.00) | (0.12) | (0.60) |
| Castrol India | 0.82 | (13.94) | (0.13) | (0.63) |
| Shree Cement[A] | 0.92 | – | (0.13) | (0.64) |
| Max Financial Services[A] | 0.91 | – | (0.24) | (1.16) |
| Aditya Birla Capital NPV[A] | 0.64 | – | (0.24) | (1.16) |
| GlaxoSmithkline Pharmaceuticals | 0.54 | (31.60) | (0.25) | (1.21) |
| Ambuja Cements GDR | 1.98 | (12.29) | (0.27) | (1.31) |
| Ultratech Cement | 2.50 | (12.26) | (0.30) | (1.49) |
| Infosys | 2.89 | 1.09 | (0.38) | (1.86) |
| ITC | 4.50 | (17.80) | (0.92) | (4.48) |
| Bosch | 2.43 | (29.39) | (0.97) | (4.71) |
| Lupin | 0.85 | (54.60) | (1.01) | (4.95) |
| Sun Pharmaceutical Industries | 2.99 | (36.37) | (1.41) | (6.88) |
| **Total** | 98.45 | | 1.74 | 8.47 |
| Cash | 1.55 | (4.29) | (0.04) | (0.18) |
| **Total return** | **100.00** | | **1.70** | **8.29** |
| Bid price adjustment[C] | | | 0.01 | 0.06 |
| Admin expenses | | | (0.27) | (1.29) |
| Management fees | | | (1.01) | (4.90) |
| Tax charge | | | 0.00 | 0.01 |
| Technical differences | | | (0.01) | (0.03) |
| **NAV per share return** | | | **0.44** | **2.12** |

[A] Stock bought during year.

[B] Stock sold completely during year.

[C] Represents the difference between the last trade valuation and bid price valuation.

# Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.  The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust.

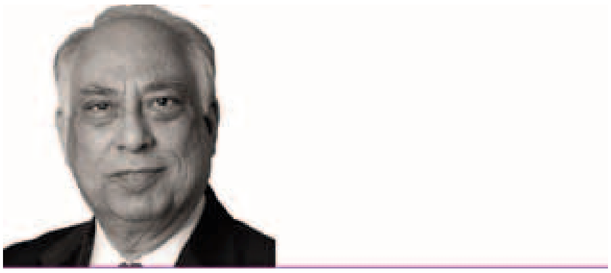
All Directors are considered by the Board to be independent of the Manager.


Godrej, a portfolio company, manufactures personal care, household care and fabric care products.


Bosch, a portfolio company, is a leading supplier in India of technology and services in the areas of mobility solutions, industrial technology, consumer goods, and energy and building technology.

# Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Aberdeen New India Investment Trust PLC and represent the interests of shareholders.



## Hasan Askari

**Status:** Independent Non-Executive Chairman

**Length of service:** five years; appointed a Director on 21 September 2012 and Chairman on 11 September 2014

**Experience:** He is Chairman of Aqua Resources Fund Limited, a private equity fund formerly listed on the London Stock Exchange. Formerly an investment banker, from 1975, initially with SG Warburg & Co. Ltd. (now UBS Ltd.) and subsequently, with JP Morgan Chase Investment Bank in Hong Kong and Barclays Capital (previously BZW) in Tokyo and London. Formerly at Old Mutual plc, London as a member of the Executive Committee responsible for the United Kingdom and Europe and later, for Asia-Pacific

**Last re-elected to the Board:** 2017

**All other public company directorships:** None

## Rachel Beagles

**Status**: Senior Independent Non-Executive Director

**Length of service**: four years; appointed a Director on 26 September 2013 and Senior Independent Director on 6 September 2016

**Experience**: Formerly worked in financial markets, primarily in equity research and sales from 1990 until 2003. She was co-head of the Pan European Banks Equity Research and Sales Team and a Managing Director of Corporate and Investment Banking Group Division at Deutsche Bank AG from 2000 to 2003. Since then, she has worked as a non-executive director, including for a number of investment companies and is currently Chairman of the Association of Investment Companies

**Last re-elected to the Board:** 2017

**All other public company directorships:** BlackRock Emerging Europe plc, Securities Trust of Scotland plc (Chairman) and Gresham House Plc

# Your Board of Directors continued

## Stephen White

**Status:** Independent Non-Executive Director and Chairman of the Audit Committee

**Length of service:** four years; appointed a Director on 26 September 2013 and Chairman of the Audit Committee on 11 September 2014

**Experience:** Currently Head of European and US equities at British Steel Pension Fund, responsible for the day to day management of the Fund's Europe ex-UK and US equity portfolios. He is a Chartered Accountant. Formerly a non-executive director of Global Special Opportunities Trust Plc and was formerly Director and Head of European Equities at Foreign & Colonial Investment Management, Manager of Foreign & Colonial Eurotrust PLC and Deputy Manager of the Foreign & Colonial Investment Trust Plc. Prior to joining Foreign & Colonial in 1985, he held positions at Hill Samuel Asset Management, Phillips & Drew and Price Waterhouse

**Last re-elected to the Board:** 2017

**All other public company directorships:** JP Morgan European Smaller Companies Trust plc, BlackRock Frontiers Investment Trust PLC and Polar Capital Technology Trust plc

## Michael Hughes

**Status:** Independent Non-Executive Director

**Length of service:** 1 year; appointed a Director on 7 September 2016

**Experience:** Currently, a Director of T. Bailey Asset Management Limited and acting investment consultant to various family offices and charities. He was a Director of Baring Asset Management Limited from 1998, and Chief Investment Officer from 2000, until his retirement in 2007. Prior to this, he was a Managing Director of Barclays Capital (previously BZW) and Chairman of the Board of pension trustees. Before 'Big Bang' he was a Partner at stockbrokers de Zoete and Bevan.

**Elected to the Board:** 2017

**All other public company directorships:** JPMorgan Mid Cap Investment Trust plc (Chairman)

# Directors' Report

The Directors present their Report and the audited Financial Statements of the Company for the year ended 31 March 2018, taking account of any events between the year end and the date of approval of this Report.

## Results

The Company's results, including its performance for the year against its Key Performance Indicators ("KPIs"), may be found on page 11. The Company is not declaring a dividend for the year ended 31 March 2018 (2017 – nil).

## Investment Trust Status and ISA Compliance

The Company is registered as a public limited company in England & Wales under registration number 02902424 and has been accepted by HM Revenue & Customs as an investment trust for accounting periods beginning on or after 1 April 2012, subject to the Company continuing to meet the eligibility conditions of s1158 of the Corporation Tax Act 2010 (as amended) and S.I. 2011/2099. In the opinion of the Directors, the Company's affairs have been conducted in a manner to satisfy these conditions to enable it to continue to qualify as an investment trust for the year ended 31 March 2018. The Company intends to manage its affairs so that its shares will be qualifying investments for the stocks and shares component of an Individual Savings Account ("ISA").

## Capital Structure

There have been no changes to the Company's issued share capital during the year. The issued Ordinary share capital at 31 March 2018 , and at the date of approval of this Report, consisted of 59,070,140 Ordinary shares of 25p (2017 - 59,070,140 Ordinary shares).

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law and regulation (for example, the Market Abuse Regulation).

## Manager and Company Secretaries

The Company has appointed Aberdeen Fund Managers Limited ("AFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by Aberdeen Asset Management Asia Limited ("AAMAL") by way of a group delegation agreement in place between AFML and AAMAL. In addition, AFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to Aberdeen Asset Managers Limited ("AAML").

Under the terms of the management agreement ("MA"), investment management fees payable to the Manager have been calculated and charged on the following basis throughout the year ended 31 March 2018: a monthly fee, payable in arrears, calculated at an annual rate of 1.0% of the Company's total assets less current liabilities, with a rebate for any fees received in respect of any investments by the Company in investment vehicles managed by the Standard Life Aberdeen Group. There is no performance fee. Up until 31 March 2018, the MA was terminable by either party on not less than 12 months' notice. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

With effect from 1 April 2018 the MA is terminable by either party on not less than six months' notice while the management fee has been reduced to 0.9% of the Company's total assets less current liabilities up to £350m and 0.75% above £350m and is otherwise calculated on the same basis as previously.

The fees payable to Standard Life Aberdeen Group companies during the year ended 31 March 2018 are disclosed in Notes 4 and 5 to the financial statements. The investment management fees are chargeable 100% to revenue.

## Corporate Governance

The Company is committed to the highest standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the Main Principles identified in the UK Corporate Governance Code published in April 2016 (the "UK Code") and which is applicable for the Company's year ended 31 March 2018. The UK Code is available on the Financial Reporting Council's ("the FRC") website: frc.org.uk.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance as published in July 2016 ("the AIC Code") by reference to the AIC Corporate Governance Guide for investment Companies ("the AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all 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 investment trusts. The AIC Code and AIC Guide are available on the AIC's website: theaic.co.uk

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 Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:
- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide and UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The full text of the Company's Statement of Corporate Governance can be found on its website: aberdeen-newindia.co.uk

## Directors

The Board consists of a non-executive Chairman and three non-executive Directors. The Senior Independent Director is Rachel Beagles.

The names and biographies of each of the Directors are shown on pages 25 and 26 and indicate their range of experience as well as length of service. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company.

The Directors attended scheduled Board and Committee meetings during the year ended 31 March 2018 as follows (with their eligibility to attend the relevant meeting in brackets):

| Director | Board Meetings | Audit Committee Meetings | Management Engagement Committee Meetings |
|---|---|---|---|
| H. Askari | 4 (4) | 3 (3) | 1 (1) |
| S. White | 4 (4) | 3 (3) | 1 (1) |
| R. Beagles | 4 (4) | 3 (3) | 1 (1) |
| M. Hughes | 4 (4) | 3 (3) | 1 (1) |

The Board has adopted a policy that all Directors will normally retire at each AGM and stand for re-election and, accordingly, all of the Directors will retire at the AGM.

Hasan Askari, Rachel Beagles, Stephen White and Michael Hughes, each being eligible, offer themselves for re-election as Directors of the Company. The Board as a whole believes that each Director remains independent of the AIFM and free of any relationship which could materially interfere with the exercise of his or her independent judgement on issues of strategy, performance, resources and standards of conduct and confirms that, following formal performance evaluations, the individuals' performance continues to be effective and demonstrates commitment to the role. The Board therefore has no hesitation in recommending, at the AGM, the individual re-elections of Hasan Askari, Rachel Beagles, Stephen White and Michael Hughes as Directors of the Company.

All appointments to the Board of Directors are considered by the Board as a whole. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors.

## Directors' Insurances and Indemnities

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Furthermore, each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

## Management of Conflicts of Interest and Anti-Bribery Policy

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his/her wider duties is affected. Each Director is required to notify the Company Secretaries of any potential, or actual, conflict situations which will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon taking up office. There were no contracts with the Company during, or at the end of the year, in which any Director was interested.

The Board takes a zero tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Standard Life Aberdeen Group also takes a zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

## Substantial Interests

The Company had been notified of the following share interests above 3% in the Company as at 31 March 2018:

| Shareholder | Number of shares held | % held |
|---|---|---|
| Clients of Aberdeen Standard Investments | 11,444,898 | 19.4 |
| Lazard Asset Management | 7,212,232 | 12.2 |
| Clients of Hargreaves Lansdown | 5,106,452 | 8.6 |
| City of London Investment Management | 3,837,499 | 4.6 |
| Aberdeen Investment Trusts – ISA and Share plans | 2,726,945 | 4.6 |
| Charles Stanley | 1,958,987 | 3.3 |

As at the date of approval of this Report, the Company had not been notified of any changes to the above interests under the UKLA's Disclosure Guidance and Transparency Rules.

## Board Committees

The Directors have appointed a number of Committees as set out below. Copies of each Committee's terms of reference, which define its responsibilities and duties, are available on the Company's website or from the Company Secretaries, on request.

### Audit Committee

The Audit Committee' Report may be found on pages 33 to 35.

### Management Engagement Committee

The Board has established a Management Engagement Committee with Rachel Beagles as Chairman, which is responsible for reviewing matters concerning the MA which exists between the Company and AFML together with the promotional activities programme operated by the Manager to which the Company contributes. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed annually and were last considered at the meeting of the Committee in November 2017.

In monitoring the performance of the Manager, the Committee considers the investment approach and investment record of the Manager over shorter and longer-term periods, taking into account the Company's performance against the benchmark index and peer group funds. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager.

The Committee considers the continuing appointment of the Manager, on the terms agreed, to be in the interests of the shareholders because the Standard Life Aberdeen Group has the investment management, promotional and associated secretarial and administrative skills required for the effective and successful operation of the Company.

## Accountability and Audit

The responsibilities of the Directors and the Auditor, in connection with the financial statements, appear on pages 38 and 41.

The Directors who held office at the date of this Report each confirm that, so far as he or she is aware, there is no relevant audit information of which the Company's Auditor is unaware, and that he or she has taken all the steps that he or she could reasonably be expected to have taken as a Director in order to make him or her aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Additionally, there have been no important events since the year end which warrant disclosure.

The Directors have reviewed the level of non-audit services provided by the Auditor during the year, together with the Auditor's procedures in connection with the provision of such services, and remain satisfied that the Auditor's objectivity and independence is being safeguarded.

## Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk, the Directors have reviewed the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares which in most circumstances are realisable within a short timescale. The Directors are mindful of the principal risks and uncertainties disclosed on pages 8 and 9 and in Note 15 to the financial statements and have reviewed cashflow forecasts detailing revenue and liabilities; accordingly, the Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of this Report.

This is also based on the assumption that ordinary resolution 9, that the Company continues as an investment trust, which will be proposed at the AGM of the Company on 6 September 2018, is passed by shareholders as it has been in the years since it was put in place. The Directors consult annually with major shareholders and, as at the date of approval of this Report, had no reason to believe that this assumption was incorrect.

## The UK Stewardship Code and Proxy Voting

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Manager.

The full text of the Company's response to the Stewardship Code may be found on the Company's website.

## Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the areas of Environmental, Social and Corporate Governance stewardship. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area.

## Relations with Shareholders

The Directors place great importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website, aberdeen-newindia.co.uk, or via the Standard Life Aberdeen Group's Customer Services Department. The Company responds to letters from shareholders on a wide range of issues (see Contact Information on page 69 for details). The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretaries or the Standard Life Aberdeen Group) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views.

In addition, members of the Board may accompany the Manager when undertaking meetings with institutional shareholders.

The Company Secretaries only act on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the Company's AGM.

## Special Business at the Annual General Meeting

The AGM will be held on 6 September 2018 and the AGM Notice and related notes may be found on pages 71 to 74. Resolutions relating to the following items will be proposed at the AGM:

### Amendment to Articles of Association

Resolution 8, which is an ordinary resolution, will be put to the AGM to increase the annual limit on aggregate fees payable by the Company to the Directors under Article 98. The Directors wish to make provision in the event that the Board composition were to expand in number in the future, and/or fees required to be increased, and are proposing that an aggregate annual limit of £200,000 (or such other amount as may from time to time be determined by Ordinary Resolution of the Company) be approved by shareholders, replacing the current limit of £150,000.

### Continuance of the Company

In accordance with Article 160 of the Articles of Association of the Company adopted on 22 September 2011, the Directors are required to propose an Ordinary resolution at each AGM of the Company that the Company continue as an investment trust. Accordingly, the Directors are proposing, as ordinary resolution 9, that the Company continues as an investment trust and recommend that shareholders support the continuance of the Company.

### Share Repurchases

At the AGM held on 5 September 2017, shareholders approved the renewal of the authority for the Company to repurchase its Ordinary shares, which was unused at the date of approval of this Report.

The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to NAV as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to NAV, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the NAV per share for the remaining shareholders, and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM. Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special resolution 10 in the Notice of AGM will, if passed, renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 13 June 2018, being the nearest practicable date to the approval of this Report (equivalent to approximately 8.8m Ordinary shares). Such authority will expire on the date of the AGM in 2019 or on 30 September 2019, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM, or earlier, if the authority has been exhausted.

### Issue of Shares

Ordinary resolution 11 in the Notice of AGM will, if passed, renew the authority to allot unissued share capital up to an aggregate nominal amount of £738,376 (equivalent to approximately 3.0 million Ordinary shares, or 5% of the Company's existing issued share capital on 13 June 2018, being the nearest practicable date to the approval of this Report). Such authority will expire on the date of the AGM in 2019 or on 30 September 2019, whichever is earlier, which means that the authority will have to be renewed at the next AGM or, if earlier, if the authority has been exhausted. When shares are to be allotted for cash, the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by Special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special resolution 12 will, if passed, give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £738,376 (equivalent to approximately 3.0 million Ordinary shares, or 5% of the Company's existing issued share capital at 13 June 2018, being the nearest practicable date to the approval of this Report), as if Section 561(1) of the Act did not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to resolution 11. This authority will expire on the date of the AGM in 2019 or on 30 September 2019, whichever is earlier, which means that the authority will have to be renewed at the AGM or, if earlier, if the authority has been exhausted. This authority will not be used in connection with a rights issue by the Company. The Directors intend to use the authorities given by resolutions 11 and 12 to allot shares, or sell shares from treasury, and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares, or sale of shares from treasury, would be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (as amended) (the "Treasury Share Regulations") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. The Treasury Share Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by Special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 12, if passed, will give the Directors authority to sell Ordinary shares from treasury on a non pre-emptive basis. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares.

The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. The Board would only expect to issue new Ordinary shares or sell Ordinary shares from treasury at a price per Ordinary share which represented a premium to the NAV per share. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market.

### Recommendation

The Board considers Resolutions 8, 9,10,11 and 12 to be in the best interests of the Company and its members as a whole and are likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own shareholdings, amounting to 34,915 Ordinary shares.

## Additional Information

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Company is not aware of any significant agreements to which it is a party, apart from the MA, that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the MA with the Manager, further details of which are set out on page 27, the Company is not aware of any contractual or other agreements which are essential to its business which might reasonably be expected to have to been disclosed in the Directors' Report.

**Hasan Askari**
Chairman

13 June 2018

# Audit Committee's Report

The Audit Committee presents its Report for the year ended 31 March 2018.

## Committee Composition

The Directors have appointed an Audit Committee ("the Committee") consisting of the whole Board, which was chaired throughout the year by Stephen White. The other Directors consider that it is appropriate for Hasan Askari (as Chairman of the Board) to be a member of, but not chair, the Committee, due to the Board's small size, the lack of any perceived conflict of interest, and because the other Directors believe that Hasan Askari continues to be independent.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Stephen White is a member of the Institute of Chartered Accountants in England and Wales.

## Role of the Audit Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk.

The Committee meets not less than twice each year, in line with the cycle of annual and half-yearly reports, which is considered by the Directors to be a frequency appropriate to the size and complexity of the Company. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are available from the Company's website or from the Company Secretaries, on request.

In summary, the Committee's main functions are:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly report and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the AIFM;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet, if required, with the Auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. During the year under review, no non-audit fees were paid to KPMG LLP. All non-audit services must be approved in advance by the Committee and will be reviewed in light of statutory requirements to maintain the Auditor's independence;
- to review a statement from the AIFM detailing the arrangements in place within the Standard Life Aberdeen Group whereby its staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters (whistleblowing);
- to review and approve the remuneration and terms of engagement of the Auditor;
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification; and
- to monitor the requirement for rotation of the Auditor and to oversee any tender for the external audit of the Company; and
- to keep under review the appointment of the Auditor and to recommend to the Board and shareholders the reappointment of the existing auditor or, if appropriate, the appointment of a new Auditor.

## Activities during the Year

The Committee met on three occasions during the year to consider the Annual Report, the Half-Yearly Report and the Company's system of risk management and internal control. Reports from the Standard Life Aberdeen Group's internal audit, business risk and compliance departments were considered by the Committee at these meetings.

## Review of Internal Controls Systems and Risk Management

The Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Committee confirms that there is a robust process for identifying, evaluating and managing the Company's significant business and operational risks, that it was in place for the year ended 31 March 2018 and up to the date of approval of this Annual Report, that it is regularly reviewed by the Board and accords with the FRC guidance on internal controls.

The principal risks and uncertainties facing the Company are identified on pages 8 and 9 of this Report.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and, to manage its affairs properly, extends to operational and compliance controls and risk management. This includes controls over financial reporting risks related to the preparation of the Annual Report, which are delegated to the Manager as part of the MA and the Committee receives regular reports from the Manager as to how these controls are operating.

Internal control and risk management systems are monitored and supported by the Manager's business risk and compliance functions which undertake periodic examination of business processes, including compliance with the terms of the MA, and ensures that any recommendations to improve controls are implemented.

Risk is considered in the context of the FRC and the UK Code guidance and includes financial, regulatory, market, operational and reputational risk. Risks are identified and documented through a risk heat-map, which is a pictorial representation of the risks faced by the Company, after taking account of any mitigating controls to minimise the risk, ranked in order of likelihood and impact on the Company.

The key components designed to provide effective risk management and internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board, and there are meetings with the AIFM and Investment Manager as appropriate;
- as a matter of course, the AIFM's compliance department continually reviews the AIFM's operations; and
- written agreements are in place which specifically define the roles and responsibilities of the AIFM and other third-party service providers.

The Committee has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Standard Life Aberdeen Group, has decided to place reliance on the Standard Life Aberdeen Group's systems and internal audit procedures, including the ISAE3402 Report, a global assurance standard for reporting on internal controls for service organisations, commissioned by the AIFM's immediate parent company, Aberdeen Asset Management PLC. At its June 2018 meeting, the Committee carried out an annual assessment of risk management and internal controls for the year ended 31 March 2018 by considering documentation from the AIFM, including the internal audit and compliance functions, and taking account of events since 31 March 2018.

The system of internal control and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, this system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by its nature, can only provide reasonable, and not absolute, assurance against misstatement and loss.

## External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the depositary services (which include the custody and safeguarding of the assets), the share registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. The Board receives and considers reports from each service provider, including the Manager, on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

## Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 March 2018, the Committee identified one potentially significant financial reporting risk facing the Company, namely valuation and existence of investments, as well as several additional risks, which also reflected the Auditor's assessment of the principal financial statement risks affecting the Company as part of the Auditor's planning and reporting of the year end audit:

### Valuation and Existence of Investments

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in Notes 2(a) and 2(g) to the financial statements. With reference to the IFRS 13 fair value hierarchy, all of the Company's investments were categorised as Level 1, as they are considered liquid and quoted in active markets, other than the Company's investment in its Subsidiary, which was categorised as Level 2 as its fair value was determined by reference to the Subsidiary's NAV at 31 March 2018. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. BNP Paribas (the "Depositary") has been appointed as custodian and depositary to safeguard the assets of the Company. The Depositary checks the consistency and accuracy of its records on a monthly basis and reports its findings to AFML.

Separately, the investment portfolio is reconciled regularly by the Manager.

### Other Financial Reporting Issues

As well as fraud risk and corporate governance and disclosures, the other accounting area of financial reporting particularly considered by the Committee was compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010. Approval for the Company as an investment trust under those sections for financial years commencing on or after 1 April 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported to the Directors.

## Review of Auditor

The Committee has reviewed, and considered appropriate, the effectiveness of the Auditor including:

- Independence - the Auditor discusses with the Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- Quality of audit work - including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the Auditor has an effective working relationship with the Manager); and
- Quality of people and service - including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the senior statutory auditor).

## Reappointment of KPMG LLP as Auditor

KPMG has expressed its willingness to be reappointed auditor to the Company. Resolution 7, which is to be put to shareholders at the forthcoming AGM, proposes the reappointment of KPMG as Independent Auditor of the Company and also seeks authorisation for the Directors to fix KPMG's remuneration for the year to 31 March 2019. KPMG was appointed auditor to the Company following a tender in March 2016 and the Company is not required to hold another tender until 2027.

**Stephen White**
Chairman of the Audit Committee

13 June 2018

# Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

(i) a Remuneration Policy, which is subject to a binding shareholder vote every three years - most recently voted on at the AGM on 5 September 2017 where the proxy votes for the relevant resolution were: For – 29.8m votes (99.7%); Discretionary – 37,001 votes (0.1%); Against - 44,601 votes (0.2%); and Withheld – 43,387 votes. The Remuneration Policy will be put to shareholders again at the AGM in 2020;
(ii) an annual Implementation Report, which is subject to an advisory vote; and
(iii) an Annual Statement.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's Opinion is included in their report on pages 39 to 42.

The fact that the Remuneration Policy is subject to a binding vote at the forthcoming AGM does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future.

## Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of the UK Corporate Governance Code. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an ongoing basis. As the Company has no employees and the Board is comprised wholly of non-executive Directors and, given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

| Year ended | 31 March 2018 £ | 31 March 2017 £ |
|---|---|---|
| Chairman | 34,500 | 34,000 |
| Chairman of Audit Committee | 28,500 | 28,000 |
| Director | 25,500 | 25,000 |

The Directors are non-executive and the limit on their aggregate annual fees is set at £150,000 within the Company's Articles of Association. This limit may only be amended by shareholder resolution and a resolution will be put to shareholders at the AGM on 6 September 2018 to increase the annual limit to £200,000. The Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

### Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election, at the first AGM after their appointment, and re-election at least every three years thereafter, although the Board has approved a policy of annual re-election.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of their duties.

### Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

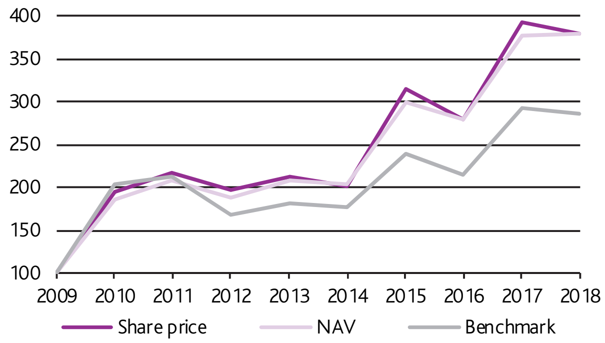
## Implementation Report

### Directors' Fees

The Board carried out a review of Directors' annual fees during the year and concluded that these should change, with effect from 1 April 2018, to the following rates per annum: £35,000 (Chairman), £29,000 (Audit Committee Chairman) and £26,000 for each other Director. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

### Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the MSCI India Index (Sterling-adjusted) for the nine-year period to 31 March 2018 (rebased to 100 at 31 March 2009). This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.




### Statement of Voting at General Meeting

At the Company's last AGM, held on 5 September 2017, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 March 2017 and the following proxy votes were received on the Resolution: For – 29.8m votes (99.7%); Discretionary – 37,001 votes (0.1%); Against - 44,268 votes (0.2%); and Withheld – 49,421 votes.

### Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown in the table below.

## Audited Information

### Fees Payable

The Directors who served in the year received the fees, as set out in the table opposite, which exclude employers' NI and any VAT payable. Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties from the fees referred to in the table.

| Director | Year ended 31 March 2018 £ | Year ended 31 March 2017 £ |
|---|---|---|
| H. Askari | 34,500 | 34,000 |
| V. Bulmer-Thomas [A] | - | 10,833 |
| S. White | 28,500 | 28,000 |
| R. Beagles | 25,500 | 25,000 |
| M. Hughes [B] | 25,500 | 14,167 |
| **Total** | **114,000** | **112,000** |

[A] Retired as a Director on 6 September 2016.
[B] Appointed a Director on 7 September 2016.

### Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 March 2018, and 31 March 2017, had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below:

| | 31 March 2018 Ord. 25p | 31 March 2017 Ord. 25p |
|---|---|---|
| H. Askari | 4,300 | 4,300 |
| V. Bulmer-Thomas [A] | - | 22,020 |
| R. Beagles | 10,000 | 10,000 |
| S. White | 12,500 | 12,500 |
| M. Hughes | 8,115 | 3,905 |

[A] As at date of retirement on 6 September 2016.

## Annual 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 Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 March 2018:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

**Hasan Askari**
Chairman

13 June 2018

# Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

**Hasan Askari**
Chairman

13 June 2018

# Independent Auditor's Report to the Members of Aberdeen New India Investment Trust PLC

## 1 Our opinion is unmodified

We have audited the financial statements of Aberdeen New India Investment Trust PLC ("the Company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the shareholders on 6 September 2016. The period of total uninterrupted engagement is for the 2 financial years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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. We summarise below the key audit matter (unchanged from 2017), in arriving at our audit opinion above, together with our key audit procedures to address the matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

| | | |
|---|---|---|
| **Carrying amount of quoted investments** (£285.4 million; 2017: £284.9 million)<br><br>*Refer to page 34 (Audit Committee Report), pages 50 and 51 (accounting policy) and pages 55 and 56 (financial disclosures).* | **Low risk, high value**<br>The company's portfolio of quoted investments makes up 98% of the company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. | Our procedures included:<br><br>• **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and<br>• **Enquiry of custodians:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians.<br><br>**Our results:** We found the carrying amount of quoted investments to be acceptable (2017: acceptable). |

## 3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2,898,000 (2017: £2,886,000), determined with reference to a benchmark of total assets, of which it represents 1% (2017: 1%).

We agreed to report to the Audit Committee any uncorrected identified misstatements exceeding £145,000 (2017: £144,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

# Independent Auditor's Report to the Members of Aberdeen New India Investment Trust PLC continued

Our audit of the company was undertaken to the materiality level specified above and was performed at KPMG LLP in Glasgow.

## 4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 2(a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 30 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

## 5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Directors' Remuneration Report

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

### Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement (page 10) 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 and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company 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.

Under the Listing Rules we are required to review the Viability Statement.  We have nothing to report in this respect.

### Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they 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 position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

## 6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

## 7 Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 38, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: frc.org.uk/auditorsresponsibilities.

### Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, and through discussion with the directors (as required by auditing standards).

# Independent Auditor's Report to the Members of Aberdeen New India Investment Trust PLC continued

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) as well as the company's qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## 8. The purpose of our audit work and to whom we owe our responsibilities

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.

**Philip Merchant (Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

13 June 2018

# Financial Statements

The Company's NAV per share rose by 0.4% to 490.00p over the year ended 31 March 2018 while the benchmark MSCI India Index fell by 1.7% in Sterling terms.

# Statement of Comprehensive Income

| | Notes | Year ended 31 March 2018 Revenue return £'000 | Year ended 31 March 2018 Capital return £'000 | Year ended 31 March 2018 Total £'000 | Year ended 31 March 2017 Revenue return £'000 | Year ended 31 March 2017 Capital return £'000 | Year ended 31 March 2017 Total £'000 |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Income from investments and other income | 3 | 3,318 | – | 3,318 | 3,104 | – | 3,104 |
| Gains on investments held at fair value through profit or loss | 9(a) | – | 1,781 | 1,781 | – | 75,183 | 75,183 |
| Currency (losses)/gains | | – | (110) | (110) | – | 54 | 54 |
| | | 3,318 | 1,671 | 4,989 | 3,104 | 75,237 | 78,341 |
| **Expenses** | | | | | | | |
| Investment management fees | 4 | (3,015) | – | (3,015) | (2,520) | – | (2,520) |
| Administrative expenses | 5 | (714) | – | (714) | (750) | – | (750) |
| **(Loss)/profit before taxation** | | (411) | 1,671 | 1,260 | (166) | 75,237 | 75,071 |
| Taxation | 6 | (6) | – | (6) | – | (755) | (755) |
| **(Loss)/profit for the year** | | **(417)** | **1,671** | **1,254** | **(166)** | **74,482** | **74,316** |
| **(Loss)/return per Ordinary share (pence)** | 8 | **(0.71)** | **2.83** | **2.12** | **(0.28)** | **126.09** | **125.81** |

The Company does not have any income or expense that is not included in "Profit/(loss) for the year", and therefore this represents the "Total comprehensive income for the year", as defined in IAS 1 (revised).

All of the profit/(loss) and total comprehensive income is attributable to the equity holders of the parent company. There are no minority interests.

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (see Note 2 to the Financial Statements).

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of these Financial Statements.

# Balance Sheet

| | Notes | As at 31 March 2018 £'000 | As at 31 March 2017 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments held at fair value through profit or loss | | 285,357 | 284,946 |
| Subsidiary held at fair value through profit or loss | | 27 | 53 |
| | 9 | 285,384 | 284,999 |
| **Current assets** | | | |
| Cash at bank | | 4,436 | 3,425 |
| Receivables | 10 | 27 | 181 |
| **Total current assets** | | 4,463 | 3,606 |
| **Current liabilities** | | | |
| Payables | 11 | (403) | (415) |
| **Total current liabilities** | | (403) | (415) |
| **Net current assets** | | 4,060 | 3,191 |
| **Net assets** | | **289,444** | **288,190** |
| **Share capital and reserves** | | | |
| Ordinary share capital | 12 | 14,768 | 14,768 |
| Share premium account | | 25,406 | 25,406 |
| Special reserve | 2(k) | 15,778 | 15,778 |
| Capital redemption reserve | | 4,484 | 4,484 |
| Capital reserve | 13 | 229,896 | 228,225 |
| Revenue reserve | 2(k) | (888) | (471) |
| **Equity shareholders' funds** | | **289,444** | **288,190** |
| **Net asset value per Ordinary share (pence)** | 14 | **490.00** | **487.88** |

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2018 and were signed on its behalf by:

**Hasan Askari**
Chairman

The accompanying notes are an integral part of the Financial Statements.

# Reconciliation of Movements in Shareholders' Funds

**Year ended 31 March 2018**

| | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 April 2017 | 14,768 | 25,406 | 15,778 | 4,484 | 228,225 | (471) | 288,190 |
| Net profit/(loss) after taxation | – | – | – | – | 1,671 | (417) | 1,254 |
| **Balance at 31 March 2018** | **14,768** | **25,406** | **15,778** | **4,484** | **229,896** | **(888)** | **289,444** |

**Year ended 31 March 2017**

| | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 April 2016 | 14,768 | 25,406 | 15,778 | 4,484 | 153,743 | (305) | 213,874 |
| Net profit/(loss) after taxation | – | – | – | – | 74,482 | (166) | 74,316 |
| **Balance at 31 March 2017** | **14,768** | **25,406** | **15,778** | **4,484** | **228,225** | **(471)** | **288,190** |

The Special reserve and the Revenue reserve represent the amount of the Company's distributable reserves (see note 2(k)).

# Cash Flow Statement

| | Notes | Year ended 31 March 2018 £'000 | Year ended 31 March 2018 £'000 | Year ended 31 March 2017 £'000 | Year ended 31 March 2017 £'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Dividend income received | | | 3,470 | | 3,020 |
| Interest income received | | | 2 | | 2 |
| Investment management fee paid | | | (3,014) | | (2,456) |
| Overseas withholding tax | | | (6) | | – |
| Other cash expenses | | | (727) | | (740) |
| **Cash outflows from operations** | | | (275) | | (174) |
| **Cash flows from investing activities** | | | | | |
| Purchases of investments | | (38,311) | | (32,720) | |
| Sales of investments | | 39,707 | | 36,039 | |
| Capital Gains Tax on sales | | – | | (755) | |
| **Net cash inflow from investing activities** | | | 1,396 | | 2,564 |
| **Net increase in cash and cash equivalents** | | | 1,121 | | 2,390 |
| Cash and cash equivalents at the start of the year | | | 3,425 | | 981 |
| Effect of foreign exchange rate changes | | | (110) | | 54 |
| **Cash and cash equivalents at the end of the year** | 2(h),15 | | **4,436** | | **3,425** |

There were no non–cash transactions during the year (2017 – £nil).

The accompanying notes are an integral part of the Financial Statements.

# Notes to the Financial Statements For the year ended 31 March 2018

## 1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010 ("s1158").

The Company has a wholly-owned subsidiary, New India Investment Company (Mauritius) Limited (in liquidation) ("the Company's Subsidiary"). The Company's Subsidiary was placed into solvent liquidation on 15 November 2017.

## 2. Accounting policies

### (a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Reporting Interpretations Committee of the IASB ("IFRIC"). The Company adopted all of the IFRS which took effect during the year including amendments to IAS 7 which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The financial statements have also been prepared in accordance with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments (applicable for accounting periods beginning on or after 1 January 2019 but adopted early).

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and, for the above reasons, they continue to adopt the going concern basis in preparing the financial statements.

#### Significant judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which requires management to exercise its judgement in the process of applying the accounting policies. One of the key areas for consideration has been the application of IFRS 10 'Consolidated Financial Statements' including the Amendments, 'Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Investment Entity Amendments). The amendments require entities that meet the definition of an investment entity to fair value certain subsidiaries through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement, rather than consolidate their results. However, entities which are not themselves investment entities and provide investment related services to the Company will continue to be consolidated.

#### Assessment as an investment entity

Entities which meet the definition of an investment entity are required to fair value subsidiaries through profit or loss rather than consolidate them. To determine whether an entity meets the definition of an investment entity it is required to meet the following three criteria:

(i) an entity obtains funds from one or more investors for the purpose of providing those investors with investment services; the Company provides investment services and has several investors who pool funds to gain access to these services and investment opportunities which they might not be able to as individuals.

(ii) an entity commits to its investors that its business purpose is to invest funds solely from capital appreciation, investment income, or both; the Company's investment objective is to provide shareholders with long-term capital appreciation by investment in companies which are incorporated in India, or which derive significant revenue or profit from India, with dividend yield from the Company being of secondary importance.

(iii) an entity measures and evaluates the performance of substantially all of its investments on a fair value basis;

the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value basis is used to present the Company's performance in its communication with the market and the primary measurement attribute to evaluate performance of all of its investments and to make investment decisions.

During the year to 31 March 2017, the Subsidiary sold all of its remaining investments to the Company and consequently the Board was of the opinion that the Subsidiary no longer met the definition of an Investment Entity. During the year to 31 March 2018 the Subsidiary was placed into solvent liquidation. As the expected liquidation proceeds of the Subsidiary are deemed to be immaterial to the financial position, performance and cash flows of the group, the Subsidiary continues to be held at fair value through profit or loss rather than being consolidated.

**Functional and presentational currency**

The Company's investments are made in Indian Rupee and US Dollar, however the Board considers the Company's functional currency to be Sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom, principally having its shareholder base in the United Kingdom and also pays expenses in Sterling, as it would dividends, if declared by the Company. Consequently, the Board also considers the Company's presentational currency to be Sterling.

**Standards effective in the year**

The following amendments to Standards were all effective for annual periods beginning on or after 1 January 2017:

IAS 7 – Disclosure initiative

IAS 12 – Recognition of Deferred Tax Assets for Unrealised Assets

IFRS 12 (AI 2014–2016) – Clarification of the scope of the Standard

In addition, under the Annual Improvements to IFRSs 2014 – 2016 Cycle, a number of Standards are included for annual periods beginning on or after 1 January 2017.

**Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2018:

IFRS 9 – Financial Instruments (revised, early adoption permitted)

IFRS 15 – Revenue from Contracts with Customers (early adoption permitted)

IFRS 16 – Leasing (effective for annual periods beginning on or after 1 January 2019)

The following amendments to Standards are all effective for annual periods beginning on or after 1 January 2018:

IFRS 15 – Clarifications

IFRS 15 – Effective date of IFRS 15

The following amendments to Standards are all effective for annual periods beginning on or after 1 January 2019:

IFRS 9 – Prepayment Features with Negative Compensation

IAS 12 (AI 2015–17) – Income tax consequences of payments on financial instruments classified as equity

The Directors do not anticipate that the adoption of these Amendments in future periods will materially impact the Company's financial results in the period of initial application although there will be revised presentations to the Primary Financial Statements and additional disclosures. The Company intends to adopt the standards in the reporting period when they become effective.

**(b) Presentation of Statement of Comprehensive Income**

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of revenue and capital nature has been presented in the Statement of Comprehensive Income.

**(c) Segmental reporting**

The Board has considered the requirements of IFRS 8 'Operating Segments' and is of the view that the Company is engaged in a single segment business, of investing in Indian quoted equities and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

**(d) Income**

Dividends receivable on equity shares are recognised in the Statement of Comprehensive Income on the ex-dividend date, and gross of any applicable withholding tax. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Special dividends are credited to capital or revenue, according to their circumstances. Where a company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the Statement of Comprehensive Income. Provision is made for any dividends not expected to be received. Interest receivable from cash and short-term deposits is accrued to the end of the financial year.

**(e) Expenses and interest payable**

All expenses, with the exception of interest expenses, which would be recognised using the effective interest method, are accounted for on an accruals basis. Expenses are charged to the revenue column of the Statement of Comprehensive Income except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Statement of Comprehensive Income and separately identified and disclosed in note 9 (b); and
- expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

**(f) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

**Deferred tax**

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

**(g) Investments**

All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a portfolio of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the investments is provided internally on that basis. Purchases of investments are recognised on a trade date basis at the value of the consideration payable excluding transaction costs and designated upon initial recognition as held at fair value through profit or loss. Sales of assets are also recognised on a trade date basis. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of the financial instruments is based on their quoted bid price at the Balance Sheet date, without deduction for any estimated future selling costs. Any unquoted investments would be held at fair value, as measured by the Directors using appropriate valuation methodologies such as earnings multiples, recent transactions and net assets. In the case of the Company's investment in the subsidiary, of which the Company owns 100% of its Ordinary share capital, this has been measured at fair value, which is deemed to be its net asset value.

Changes in the value of investments (including changes related to movements in foreign exchange) held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains/(losses) on investments at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

**(h) Cash and cash equivalents**

Cash comprises cash in hand and at banks and short-term deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash, and that are subject to an insignificant risk of changes in value.

**(i) Receivables and payables**

Other receivables and prepayments do not carry any interest and are short-term in nature, and are, accordingly, stated at their recoverable amount. Payables are non-interest bearing and are stated at their payable amount.

**(j) Dividends payable**

Dividends are recognised from the date on which they are declared and approved by shareholders.

**(k) Nature and purpose of reserves**

**Special reserve**

The special reserve arose following Court approval in 1998 to transfer £30 million from the share premium account. This reserve is distributable and its function is to fund any share buy-backs by the Company.

**Capital redemption reserve**

The capital redemption reserve arose when Ordinary shares were redeemed, and subsequently cancelled by the Company, at which point an amount equal to the par value of the Ordinary share capital was transferred from the Ordinary share capital to the capital redemption reserve.

**Capital reserve**

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income.

**Revenue reserve**

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

**(l) Foreign currency**

Overseas monetary assets and liabilities are converted into Sterling at the rate of exchange ruling at the Balance Sheet date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. 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 recognised in the Statement of Comprehensive Income.

# Notes to the Financial Statements continued

| 3. Income | 2018 £'000 | 2017 £'000 |
|---|---|---|
| **Income from investments** | | |
| Overseas dividends | 3,316 | 3,103 |
| **Other operating income** | | |
| Deposit interest | 2 | 1 |
| | **3,318** | **3,104** |

| 4. Investment management fees | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Investment management fees | **3,015** | **2,520** |

The Company has an agreement with Aberdeen Fund Managers Limited for the provision of management and secretarial services.

During the year, the management fee was payable monthly in arrears and was based on an annual amount of 1% of the total assets of the Company less current liabilities, excluding the fair value of the subsidiary, New India Investment Company (Mauritius) Limited (in liquidation), valued monthly. The management agreement is terminable by either the Company or AFML on 12 months' notice. The amount payable in respect of the Company for the year was £3,015,000 (2017 – £2,520,000) and the balance due to AFML at the year end was £246,000 (2017 – £245,000). All investment management fees are charged 100% to the revenue column of the Statement of Comprehensive Income.

New India Investment Company (Mauritius) Limited (in liquidation) also had an agreement with AFML to receive management services based on an annual amount of 1% of its net asset value. The amount payable during the year was £nil (2017 – £6,000) which was expensed through its own profit and loss account. The management fee was chargeable up to 15 November 2017 when the Subsidiary was placed into solvent liquidation. The balance due to AAMAL at the year end was £nil (2017 – £nil).

Accordingly, the aggregate amount payable in respect of management services provided to the Company and its Subsidiary for the year was £3,015,000 (2017 – £2,526,000) and the balance due to AAMAL at the year end was £246,000 (2017 – £245,000).

| 5. Administrative expenses | Year ended 31 March 2018 £'000 | Year ended 31 March 2017 £'000 |
|---|---|---|
| Directors' fees | 114 | 112 |
| Promotional activities | 148 | 142 |
| Auditor's remuneration: | | |
| • fees payable to the Company's auditor for the audit of the Company's annual accounts (KPMG LLP) | 21 | 24 |
| • for other services relating to taxation provided to the Company (Ernst & Young LLP) | – | 29 |
| Legal and advisory fees | – | 45 |
| Custodian and overseas agents' charges | 275 | 252 |
| Other | 156 | 146 |
| | **714** | **750** |

The Company has an agreement with Aberdeen Fund Managers Limited ("AFML") for the provision of promotional activities in relation to the Company's participation in the Aberdeen Investment Trust Share Plan and ISA. The total fees paid and payable under the agreement during the year were £148,000 (2017 – £142,000) and £39,000 (2017 – £35,000) was due to AFML at the year end.

Ernst & Young LLP was the Company's external auditor until their resignation on 6 September 2016. During the year to 31 March 2017, £29,000 was paid to Ernst & Young LLP for other services relating to taxation and the Company's restructure; the majority of these fees consisted of tax advice provided by Ernst & Young LLP in relation to the Company's restructure and the repurchase of warrants by the Subsidiary from the Company. Ernst & Young LLP also advised the Company at the time of its restructuring in November 2004 when the Mauritian Subsidiary was created. KPMG LLP were appointed as the Company's external auditor on 6 September 2016. The only fees paid to KPMG LLP by the Company are the audit fees of £21,000 (2017 – £21,000 and £3,500 in respect of New India Investment Company (Mauritius) Limited, now in liquidation). The amounts disclosed above for Auditor's remuneration are all shown net of VAT.

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| **6. Tax on ordinary activities** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **(a) Analysis of charge for the year** | | | | | | |
| Overseas capital gains tax | – | – | – | – | 755 | 755 |
| Overseas withholding tax | 6 | – | 6 | – | – | – |
| **Total tax charge** | **6** | **–** | **6** | **–** | **755** | **755** |

The Company is liable to Indian capital gains tax under Section 115 AD of the Indian Income Tax Act 1961, and following the disposal of certain securities within twelve months of their transfer from the Subsidiary to the Company, a charge was allocated to capital in 2017 as detailed above.

On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for twelve months or longer. Accordingly, the Company will accrue, with effect from 1 April 2018, within its net asset value per share as published each business day to the London Stock Exchange, any potential liability to tax on capital gains which may arise if the investment is sold.

**(b) Factors affecting the tax charge for the year**

The tax charged for the year can be reconciled to the profit/(loss) per the Statement of Comprehensive Income as follows:

# Notes to the Financial Statements continued

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| (Loss)/profit before tax | (411) | 1,671 | 1,260 | (166) | 75,237 | 75,071 |
| UK corporation tax on profit/(loss) at the standard rate of 19% (2017 – 20%) | (78) | 317 | 239 | (33) | 15,047 | 15,014 |
| Effects of: | | | | | | |
| Gains on investments held at fair value through profit or loss not taxable (see note below) | – | (338) | (338) | – | (15,036) | (15,036) |
| Currency (losses)/gains not taxable | – | 21 | 21 | – | (11) | (11) |
| Movement in excess expenses | 707 | – | 707 | 654 | – | 654 |
| Expenses not deductible for tax purposes | 1 | – | 1 | – | – | – |
| Indian capital gains tax charge | – | – | – | – | 755 | 755 |
| Irrecoverable overseas withholding tax | 6 | – | 6 | – | – | – |
| Non-taxable dividend income | (630) | – | (630) | (621) | – | (621) |
| **Total tax charge** | **6** | **–** | **6** | **–** | **755** | **755** |

**(c)** The Company has excess expenses of £11,621,000 (2017 – £7,900,000) carried forward. This sum has arisen due to cumulative deductible expenses having exceeded taxable income over the life of the Company. It is considered too uncertain that there will be sufficient taxable profits against which these expenses can be offset and, therefore, in accordance with IAS 12, a deferred tax asset of £1,976,000 (2017 – £1,343,000) has not been recognised, based on the deferred tax rate of 17% (2017 – 17%). Any excess management expenses will be utilised against any taxable income that may arise in the future.

Due to the Company's status as an Investment Company, and its intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

## 7. Dividends on equity shares

No final dividend is being proposed for the year ended 31 March 2018 (2017 – £nil).

| | Year ended 31 March 2018 | | | Year ended 31 March 2017 | | |
|---|---|---|---|---|---|---|
| **8. (Loss)/return per Ordinary share** | Revenue | Capital | Total | Revenue | Capital | Total |
| Net (loss)/profit (£'000) | (417) | 1,671 | 1,254 | (166) | 74,482 | 74,316 |
| Weighted average number of Ordinary shares in issue | | | 59,070,140 | | | 59,070,140 |
| (Loss)/return per Ordinary share (pence) | (0.71) | 2.83 | 2.12 | (0.28) | 126.09 | 125.81 |

## 9. Investments held at fair value through profit or loss

| (a) Company | Year ended 31 March 2018 Investments In subsidiary[A] £'000 | Parent £'000 | Total £'000 | Year ended 31 March 2017 Investments In subsidiary £'000 | Parent £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Opening book cost | 20,564 | 196,152 | 216,716 | 20,495 | 192,033 | 212,528 |
| Opening investment holdings fair value (losses)/gains | (20,511) | 88,794 | 68,283 | (19,593) | 20,661 | 1,068 |
| **Opening valuation** | 53 | 284,946 | 284,999 | 902 | 212,694 | 213,596 |
| Movements in the year: | | | | | | |
| Purchases | – | 38,311 | 38,311 | – | 32,244 | 32,244 |
| Sales – proceeds | – | (39,707) | (39,707) | (390) | (35,634) | (36,024) |
| Sales – realised net gains | – | 8,869 | 8,869 | 459 | 7,509 | 7,968 |
| (Decrease)/increase in investment holdings fair value gains | (26) | (7,062) | (7,088) | (918) | 68,133 | 67,215 |
| **Closing valuation** | **27** | **285,357** | **285,384** | **53** | **284,946** | **284,999** |

[A] In solvent liquidation from 15 November 2017.

| | Year ended 31 March 2018 Investments In subsidiary[A] £'000 | Parent £'000 | Total £'000 | Year ended 31 March 2017 Investments In subsidiary £'000 | Parent £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Closing book cost | 20,564 | 203,625 | 224,189 | 20,564 | 196,152 | 216,716 |
| Closing investment holdings fair value (losses)/gains | (20,537) | 81,732 | 61,195 | (20,511) | 88,794 | 68,283 |
| **Closing valuation** | **27** | **285,357** | **285,384** | **53** | **284,946** | **284,999** |

[A] In solvent liquidation from 15 November 2017.

| Gains/(losses) on investments | As at 31 March 2018 £'000 | As at 31 March 2017 £'000 |
|---|---|---|
| Realised net gains on sales of investments | 8,869 | 7,968 |
| (Decrease)/increase in investment holdings fair value gains | (7,088) | 67,215 |
| | **1,781** | **75,183** |

As at 31 March 2018, all of the parent's investments were held in listed stocks (2017 – same).

The Company owns 100% of the Ordinary share capital of its subsidiary, New India Investment Company (Mauritius) Limited (in liquidation), an investment holding company registered in Mauritius which was placed into solvent liquidation on 15 November 2017.

### (b) Transaction costs

During the year, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through the capital column of the Statement of Comprehensive Income, and are included within gains/(losses) on investments at fair value through profit or loss in the Statement of Comprehensive Income. The total costs were as follows:

| | Year ended 31 March 2018 £'000 | Year ended 31 March 2017 £'000 |
|---|---|---|
| Purchases | 69 | 65 |
| Sales | 78 | 75 |
| | **147** | **140** |

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

| 10. **Receivables** | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Prepayments and accrued income | **27** | **181** |

None of the above amounts are past their due date or impaired (2017 – nil).

| 11. **Payables** | 2018 £'000 | 2017 £'000 |
|---|---|---|
| Other payables | **403** | **415** |

| 12. **Ordinary share capital** | 2018 Number | 2018 £'000 | 2017 Number | 2017 £'000 |
|---|---|---|---|---|
| **Issued and fully paid** | | | | |
| Ordinary shares of 25p each | **59,070,140** | **14,768** | **59,070,140** | **14,768** |

The Ordinary shares give shareholders voting rights, the entitlement to all of the capital growth in the Company's assets, and to all the income from the Company that is resolved to be distributed.

**Ownership of Subsidiaries**

At the year end, the Company's wholly–owned Subsidiary, New India Investment Company (Mauritius) Limited (in liquidation) ('the Subsidiary') had share capital of 4,275,000 (2017 – 4,275,000) Redeemable Participating Preference shares of £0.10 each ('Preference shares') and 50 Management shares of £1 each. The Company holds 100% of the share capital of the Subsidiary.

In January 2005, the Subsidiary issued a Warrant instrument to the Company for a consideration of £32,270,000 giving the Company the right to purchase up to 38,350,900 Preference shares, at an exercise price per share of £20 per share ('the 2015 Warrant'). The 2015 Warrant was subsequently extended and is exercisable until 26 August 2020.

In August 2010, the Subsidiary issued a further Warrant instrument to the Company for a consideration of £9,000,000, giving the Company the right to purchase up to 1,321,417 Preference shares, at an exercise price per share of £40 per share ('the 2020 Warrant'). The 2020 Warrant is exercisable for 10 years to 26 August 2020.

Following the above, there are two separate Warrants issued by the Subsidiary. The Subsidiary had the right to repurchase both Warrants in part or in whole at any time for a consideration to be determined in the market at the time by an independent valuer.

**Partial repurchase of Subsidiary Warrant**

On 15 May 2008, the Subsidiary repurchased part of the 2015 Warrant, in relation to 405,900 Preference shares, at a valuation based on the subscription price of £20. In aggregate, proceeds of £3,004,000 were received by the Company in the form of a partial capital redemption. These proceeds were credited to the capital reserve of the Company.

During February and March 2016, the Subsidiary repurchased a further part of the 2015 Warrant, in relation to 30,381,195 Preference shares, at a valuation based on the subscription price of £20. In aggregate, proceeds of £186,607,000 were received by the Company in the form of a partial capital redemption. These proceeds were also credited to the capital reserve of the Company.

During March 2017, the Subsidiary repurchased a further part of the 2015 Warrant, in relation to 63,500 Preference shares, at a valuation based on the subscription price of £20. In aggregate, proceeds of £390,000 were received by the Company in the form of a partial capital redemption. These proceeds were also credited to the capital reserve of the Company.

At the year end there were then two Warrants in issue carrying the right for the Company to subscribe for 7,500,305 and 1,321,417 new Preference shares of 10p in the Subsidiary at £20 and £40 per share respectively.

The Subsidiary was placed into liquidation on 15 November 2017. As a result of the Subsidiary being placed into liquidation, the Company may not exercise the Warrants referred to above without the consent of the Liquidator or the Court.

| 13. Capital reserves | 2018 £'000 | 2017 £'000 |
|---|---|---|
| At 1 April 2017 | 228,225 | 153,743 |
| Currency (losses)/gains | (110) | 54 |
| Movement in investment holdings fair value gains | (7,088) | 67,215 |
| Gains on sales of investments | 8,869 | 7,968 |
| Overseas capital gains tax charge | – | (755) |
| **At 31 March 2018** | **229,896** | **228,225** |

The capital reserve includes gains of £61,195,000 (2017 – gains of £68,283,000) which relate to the revaluation of investments held at the reporting date.

## 14. Net asset value per Ordinary share

The net asset value per Ordinary share is based on a net asset value of £289,444,000 (2017 – £288,190,000) and on 59,070,140 (2017 – 59,070,140) Ordinary shares, being the number of Ordinary shares in issue at the year end.

## 15. Financial instruments

### Risk Management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Board has delegated the risk management function to AFML under the terms of its management agreement with AFML (further details of which are included under note 4). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors on the grounds of their materiality.

**Risk management framework**

The directors of Aberdeen Fund Managers Limited collectively assume responsibility for AFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

AFML is a fully integrated member of the Standard Life Aberdeen Group ("the Group"), which provides a variety of services and support to AFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Management Asia Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the co-CEOs of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's co-CEOs and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of the Group, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

**Risk management**

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

**(i) Market risk**

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

**Interest rate risk**

Interest rate movements may affect the level of income receivable on cash deposits.

**Management of the risk**

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

#### Financial assets

The interest rate risk profile of the Company's financial assets, excluding equity shares and short-term debtors which are non-interest bearing, as at 31 March 2018 and 31 March 2017 was as follows:

| | Total (per Balance Sheet) | | Floating rate | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Type | £'000 | £'000 | £'000 | £'000 |
| Cash at bank – Sterling | 4,436 | 3,425 | 4,436 | 3,425 |

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates, and are classified as having maturity dates of less than one year.

#### Financial liabilities

The Company had no financial liabilities as at 31 March 2018 and 31 March 2017 which were exposed to interest rate risk.

#### Interest rate sensitivity

Movements in interest rates would not significantly affect net assets and total profit attributable to the Company's shareholders (2017 – same).

#### Foreign currency risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and income are denominated in currencies other than Sterling, which is the Company's functional currency.

#### Management of the risk

It is not the Company's policy to hedge this risk but it reserves the right to do so, to the extent possible.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Foreign currency exposure by currency of denomination:

| | 31 March 2018 | | | 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | Overseas investments £'000 | Net monetary assets £'000 | Total currency exposure £'000 | Overseas investments £'000 | Net monetary assets £'000 | Total currency exposure £'000 |
| US Dollar | 15,334 | – | 15,334 | 13,937 | – | 13,937 |
| Indian Rupee | 270,023 | – | 270,023 | 271,009 | – | 271,009 |
| | 285,357 | – | 285,357 | 284,946 | – | 284,946 |

#### Foreign currency sensitivity

At 31 March 2018, the exchange rate of the Indian Rupee against the reporting currency Sterling was £1: INR 91.4278 compared with an exchange rate of £1: INR 81.198 at 31 March 2017. Based on continuing to hold the same investments in the same quantities from 1 April 2017 to 31 March 2018, all other things being equal, the impact of the exchange rate movement over the year would be to decrease the value of the investments by £30,323,000 (2017 – increase by £35,137,000).

At 31 March 2018, the exchange rate of the US Dollar against the reporting currency Sterling was £1: US$1.4018 compared with an exchange rate of £1: US$1.2505 at 31 March 2017. Based on continuing to hold the same investments in the same quantities from 1 April 2017 to 31 March 2018, all other things being equal, the impact of the exchange rate movement over the year would be to decrease the value of the investments by £1,505,000 (2017 – increase by £1,429,000).

The exposure noted in the above table is representative of the exposure across the year as a whole.

**Price risk**

Price risks (ie, changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

**Management of the risk**

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a sector. Both the allocation of assets and the stock selection process, as detailed on page 65, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are all listed on the Bombay (Mumbai) Stock Exchange and/or The Indian National Stock Exchange, with the exception of Grasim Industries GDR, Ultratech Cement GDR and Ambuja Cements GDR, whose primary exchange is Luxembourg, and Cognizant Technology Solutions, whose primary exchange is the NASDAQ in the United States. The subsidiary, New India Investment Company (Mauritius) Limited (in liquidation) was unlisted.

**Price risk sensitivity**

If market prices at the Balance Sheet date had been 15% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 March 2018 would have increased /(decreased) by £42,807,000 (2017 – increased/(decreased) by £42,750,000) and capital reserves would have increased /(decreased) by the same amount.

**(ii) Liquidity risk**

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

**Management of the risk**

All liabilities are payable on demand for a cash consideration equivalent to the balances shown in note 11, and therefore liquidity risk is not considered to be significant, as the Company's assets mainly comprise readily realisable securities which can, in normal circumstances, be sold to meet funding requirements, if necessary.

**(iii) Credit risk**

This is failure of the counterparty to a transaction to discharge its obligations under that transaction, which could result in the Company suffering a loss.

**Management of the risk**

The risk is actively managed as follows:

- investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports by the Manager on a daily basis. In addition, both stock and cash reconciliations to custodians' records are performed on a daily basis by the Manager to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee and to the Board of the Company. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

None of the Company's financial assets are secured by collateral or other credit enhancements (2017 – same).

**Credit risk exposure**

In summary, compared to the amounts included in the Balance Sheet, the maximum exposure to credit risk at 31 March was as follows:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Balance Sheet £'000 | Maximum exposure £'000 | Balance Sheet £'000 | Maximum exposure £'000 |
| **Current assets**[A] | | | | |
| Cash at bank | 4,436 | 4,436 | 3,425 | 3,425 |

[A] Excluding short-term debtors.

The exposure noted in the above table is representative of the exposure across the year as a whole.

None of the Company's financial assets are past due or impaired (2017 – same).

**Fair values of financial assets and financial liabilities**

Investments held at fair value through profit or loss are valued at their quoted bid prices which equate to their fair values. The Directors are of the opinion that the other financial assets and liabilities carried at amortised cost equates to their fair value.

## 16. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that debt should not exceed 25% of net assets.

The Board, with the assistance of the Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company had no debt at the year end (2017 – nil).

## 17. Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making measurements. The fair value hierarchy has the following levels:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at the Balance Sheet date are as follows:

| As at 31 March 2018 | Note | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | | |
| Quoted equities | a) | 285,357 | – | – | 285,357 |
| Investment in Subsidiary | b) | – | 27 | – | 27 |
| **Net fair value** | | **285,357** | **27** | **–** | **285,384** |

| As at 31 March 2017 | Note | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | | |
| Quoted equities | a) | 284,946 | – | – | 284,946 |
| Investment in Subsidiary | b) | – | 53 | – | 53 |
| **Net fair value** | | **284,946** | **53** | **–** | **284,999** |

**a) Quoted equities**

The fair value of the Group's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

**b) Investment in Subsidiary**

The Company's investment in its Subsidiary is categorised in Fair Value Level 2 as its fair value has been determined by reference to the Subsidiary company's net asset value at the liquidation date. The net asset value is predominantly made up of cash and receivables.

## 18. Controlling party

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

## 19. Related party transactions

### Directors' fees and interests

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 37.

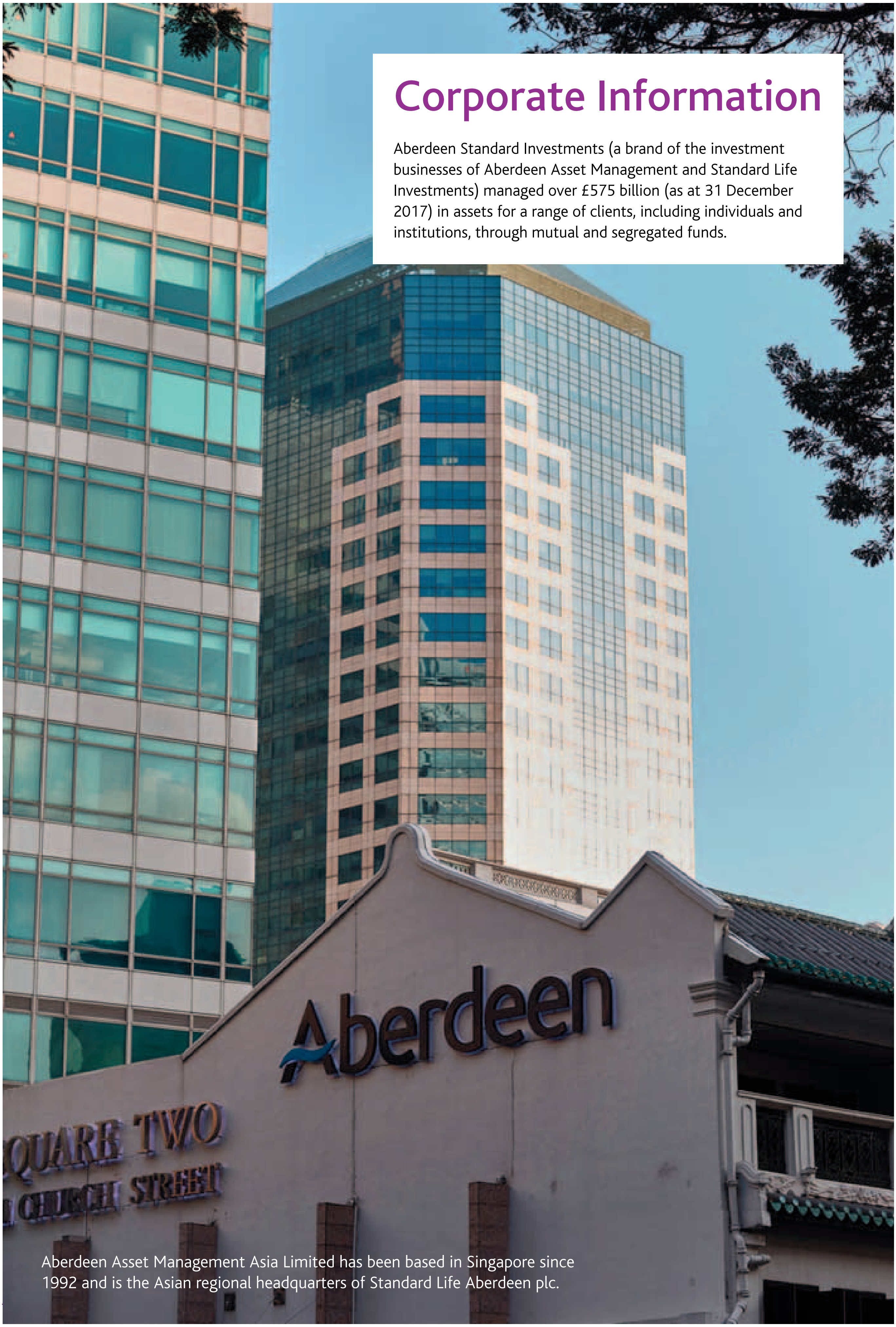
### Transactions with the Manager

The Company has an agreement with Aberdeen Fund Managers Limited for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities in relation to the Company. Details of transactions during the year and balances outstanding at the year end disclosed in notes 4 and 5.

Following a review, a revision of the management fee arrangements has been agreed by the Company and the Manager. From 1 April 2018, the management agreement is terminable by either party on not less than six months' notice while the management fee has been reduced to 0.9% per annum of the Company's total assets less current liabilities up to £350 million and 0.75% per annum above £350 million.

# Corporate Information

Aberdeen Standard Investments (a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments) managed over £575 billion (as at 31 December 2017) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.




Aberdeen Asset Management Asia Limited has been based in Singapore since 1992 and is the Asian regional headquarters of Standard Life Aberdeen plc.

# Information about the Investment Manager

## Aberdeen Fund Managers Limited

Aberdeen Fund Managers Limited ("AFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Asset Management Asia Limited ("AAMAL").

AFML and AAMAL are subsidiaries of Standard Life Aberdeen plc which is headquartered in Edinburgh with principal offices in Aberdeen, London, Singapore, Philadelphia, Bangkok, Edinburgh, Hong Kong, Luxembourg, Kuala Lumpur, Jersey, Sao Paulo, Stockholm, Sydney, Taipei, and Tokyo

## Aberdeen Standard Investments

Aberdeen Standard Investments (a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments) managed over £575 billion (as at 31 December 2017) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

## The Investment Team Senior Managers

**Hugh Young**
**Managing Director**
BA in Politics from Exeter University. Started investment career in 1980. In charge of AAMAL's Far East funds since 1985.

**Flavia Cheong**
**Head of Equities – Asia Pacific ex Japan**
Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined AAMAL in August 1996.

**Kristy Fong**
**Senior Investment Manager**
Chartered Financial Analyst, B.Acc from Nanyang Technological University (Singapore). Before joining AAMAL in 2004 Kristy worked as an analyst at UOB KayHian Pte Ltd.

**Adrian Lim**
**Senior Investment Manager**
CFA® charterholder, B.Acc from Nanyang Technological University (Singapore). Joined AAMAL in 2000. Previously he was an associate director at Arthur Andersen advising on mergers & acquisitions in South East Asia.

**Pruksa Iamthongthong**
**Senior Investment Manager**
CFA® charterholder, BA in Business Administration, Chulalongkorn University, Thailand. Joined AAMAL in 2007.

**Yoojeong Oh**
**Senior Investment Manager**
CFA® charterholder, MEng in Engineering, Economics and Management from the University of Oxford. Joined the Investment Manager in 2005 and was initially a member of the UK and European Equities Team in London before moving to Singapore.

## The Investment Process

### Philosophy and Style

The Investment Manager will not invest in a company without first having met its management team. Having invested in a company, the Investment Manager typically meets the management team twice a year. Over the years, the Investment Manager's fund managers have visited many thousands of companies, and more than 1,000 meetings are held annually with companies' management teams.

Portfolios are managed by the Investment Manager on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on that asset class.

The Investment Manager's investment process concentrates on a company's business strategy, management, financial strength, ownership structure and corporate governance seeking companies that it can invest in for the long term. This quality test means that there are stocks in the index universe that will not be considered for investment due to a lack of transparency or poor corporate governance.

### Risk Controls

The Investment Manager seeks to minimise risk by its in depth research. Divergence from an index is not seen as risk – the Investment Manager views investment in poorly run, expensive companies that are not fully understood as risk. In fact where risk parameters are expressed in index relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides the Investment Manager's main control.

The Standard Life Aberdeen Group's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

# Investor Information

## Pre-Investment Disclosure Document ("PIDD")

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager and BNP Paribas, London Branch as its depositary, under the AIFMD.

The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Fund Managers Limited, as the alternative investment fund manager ("AIFM") of Aberdeen New India Investment Trust PLC, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's Pre-Investment Disclosure Document ("PIDD") which can be found on its website: aberdeen-newindia.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 70.

## Benchmark

The Company's benchmark is the MSCI India Index.

## Investor Warning: Be alert to share fraud and boiler room scams

The Standard Life Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for the Standard Life Aberdeen Group or for third party firms. The Standard Life Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for the Standard Life Aberdeen Group and any third party making such offers/claims has no link with the Standard Life Aberdeen Group.

The Standard Life Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 69.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: fca.org.uk/consumers/scams

## Shareholder Enquiries

For queries regarding shareholdings, lost certificates dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the registrars, Computershare Investor Services plc (see Contact Information on page 70). Changes of address must be notified to the registrars in writing.

If you have any general questions about your Company, the Manager or performance, please contact the Standard Life Aberdeen Group Customer Services Department by calling 0808 500 0040, sending an email to inv.trusts@aberdeenstandard.com or by writing to Standard Life Aberdeen Group - Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

## How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan or Investment Trust ISA.

## Aberdeen's Investment Plan for Children

The Standard Life Aberdeen Group operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Aberdeen New India Investment Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAML in writing at any time.

## Aberdeen Investment Trust Share Plan

The Standard Life Aberdeen Group operates a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Standard Life Aberdeen Group in writing at any time.

## Aberdeen Investment Trust ISA

The Standard Life Aberdeen Group offers an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in tax year 2018/2019.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held under the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Aberdeen New India Investment Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

## Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the Standard Life Aberdeen Group's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

## Dividend Tax Allowance

The annual tax-free personal allowance on dividend income, for UK investors, is £2,000 for the 2018/2019 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

## Keeping You Informed

Further information on the Company can be found on its own dedicated website: aberdeen-newindia.co.uk. This provides access to information on the Company's share price performance, capital structure, stock exchange announcements and a Manager's monthly factsheet.

Alternatively you can call 0808 500 0040 (free when dialing from a UK landline) for trust information.

If private investors have any questions about the Company, the Manager or performance, please contact the Standard Life Aberdeen Group's Customer Services Department using the details on page 69.

## Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website at: invtrusts.co.uk/en/investmenttrusts/literature-library.

Further information on the KID may be found in the Chairman's Statement on page 5 of this Report.

## Literature Request Service

For literature and application forms for the Aberdeen Group's Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Standard Life Aberdeen plc Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Email: aam@lit-request.com
Telephone: 0808 500 4000
(free when dialing from a UK landline)

Terms and conditions for the Standard Life Aberdeen Group's managed savings products can also be found under the 'Literature' section of invtrusts.co.uk

## Suitability for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professionally-advised private clients and institutional investors who are seeking long term capital appreciation from investment in companies which are incorporated in India or which derive significant revenue or profit from India, with dividend yield being of secondary importance, via an investment company, and who understand and are willing to accept the risks of exposure to equities within a single emerging country fund. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance

# Investor Information continued

with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

## Online Dealing details

### Investor information

There are a number of other ways in which you can buy and hold shares in this investment trust.

### Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

- AJ Bell Youinvest
- Alliance Trust Savings
- Barclays Stockbrokers / Smart Investor
- Charles Stanley Direct
- Equiniti / Shareview
- Halifax Share Dealing
- Hargreave Hale
- Hargreaves Lansdown
- iDealing
- Interactive Investor / TD Direct
- Selftrade
- The Share Centre
- Stocktrade

### Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: pimfa.co.uk.

### Financial advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk.

### Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:
Tel: 0800 111 6768 or at: fca.org.uk/firms/financial-services-register
Email: register@fca.org.uk

## Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

*The information on pages 66 to 68 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

# Contact Information

## Directors
Hasan Askari (Chairman)
Rachel Beagles
Stephen White
Michael Hughes

## Company Secretaries
Aberdeen Asset Management PLC

## Registered Office and Company Number
Bow Bells House
1 Bread Street
London EC4M 9HH

Registered in England & Wales under company number 02902424

## Website
aberdeen-newindia.co.uk

## Points of Contact
The Chairman or Company Secretaries at the Registered Office of the Company.

## Legal Entity Identifier
549300D2AW66WYEVKF02

## United States Internal Revenue Service FATCA Registration Number (GIIN)
U2I09D.9999.SL.826

## Customer Services Department and Share Plan/ISA enquiries
Standard Life Aberdeen plc Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 0040
(open Monday - Friday, 9am - 5pm)
Email: inv.trusts@aberdeen-asset.com

## Alternative Investment Fund Manager
Aberdeen Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

## Investment Manager
Aberdeen Asset Management Asia Limited

## Registrars (for direct shareholders)
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0370 707 1153

(Lines are open Monday to Friday from 8.30am – 5.30pm, excluding bank holidays. Charges for '03' numbers are determined by the caller's service provider. Calls may be recorded and monitored randomly for security and training purposes.)

Website: uk.computershare.com/investor
E-mail is available via the website

## Independent Auditor
KPMG LLP
319 St Vincent Street
Glasgow, G2 5AS

## Stockbrokers
Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

## Depositary
BNP Paribas Securities Services, London Branch
10 Harewood Avenue
London NW1 6AA

# Alternative Investment Fund Managers Directive Disclosures

Aberdeen and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website: aberdeen-newindia.co.uk

There have been no material changes to the disclosures contained within the PIDD since its publication in June 2017.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 7 to 10, Note 15 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Fund Managers Limited ("the AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretaries on request (see contact details on page 69) and the remuneration disclosures in respect of the AIFM's reporting periods ended 30 September 2017 and 31 December 2017, respectively, are available on the Company's website.

## Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

| | Gross Method | Commitment Method |
|---|---|---|
| Maximum level of leverage | 2.50:1 | 2.00:1 |
| Actual level at 31 March 2018 | 1.00:1 | 1.00:1 |

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

*The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aberdeen New India Investment Trust PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 12.30 p.m. on 6 September 2018 for the following purposes:

## Ordinary Business

As ordinary business to consider and, if thought fit, pass the following Resolutions 1 to 7 inclusive, as Ordinary Resolutions:

1. To receive the Directors' and Auditor's Reports and adopt the Financial Statements for the year ended 31 March 2018.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 March 2018 (other than the Directors' Remuneration Policy).
3. To re-elect Hasan Askari as a Director of the Company.
4. To re-elect Rachel Beagles as a Director of the Company.
5. To re-elect Stephen White as a Director of the Company.
6. To re-elect Michael Hughes as a Director of the Company.
7. To reappoint KPMG LLP as Independent Auditor of the Company and to authorise the Directors to determine their remuneration for the year to 31 March 2019.

## Special Business

As special business to consider and, if thought fit, pass the following Resolutions in the case of Resolutions 8, 9 and 11 as Ordinary Resolutions and in the case of Resolutions 10 and 12 as Special Resolutions:

### Increase in limit on annual aggregate Directors' fees

8. That Article 98 of the Articles of Association of the Company, concerning the limit on the annual aggregate fees payable to Directors, be amended by substituting "£200,000" for "£150,000".

### Continuation Vote

9. To approve the continuance of the Company as an investment trust.

### Authority to Make Market Purchases of Shares

10. THAT, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 ("the Act"), but without prejudice to the exercise of any such authority prior to the date of this resolution, to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), and to cancel or hold these Ordinary shares in treasury provided that:
    (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 8,854,613 Ordinary shares, being 14.99 per cent. of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of approval of this notice;
    (ii) the minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses);
    (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be not more than the higher of (i) 5 per cent. above the average market values of the shares taken from the Daily Official List of the London Stock Exchange for the 5 business days before the purchase is made or that stipulated by Article 5(1) of the Commission Regulation (EC) No. 2273/2003 and, (ii) the higher of the last independent trade and the highest current bid on the trading venue where the purchase is carried out; and
    (iv) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or on 30 September 2019, whichever is earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary shares which will or may be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

### Authority to Allot Shares

11. THAT, in substitution for any existing authority under Section 551 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and they are hereby generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to allot equity

securities (within the meaning of the Section 551 of the Act) up to an aggregate nominal amount of £738,376 (representing approximately 5 per cent. of the Company's issued Ordinary share capital as at the date of approval of this notice) during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2019 or on 30 September 2019, whichever is earlier, but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry, the Directors may allot relevant securities in pursuance of any such offers or agreements.

### Disapplication of Pre-emption Rights

12. THAT, subject to the passing of Resolution 11 above ("the Section 551 resolution") and in substitution for any existing authority under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) either pursuant to the Section 551 resolution or by way of a sale of treasury shares, in each case for cash as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £738,376 (representing approximately 5 per cent. of the Company's issued Ordinary share capital, excluding treasury shares, as at the date of approval of this notice); and

    (b) in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of Ordinary shares and such other equity securities of the Company as the Directors may determine on the register of members on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities, (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and

    (c) at a price per Ordinary share which represents a premium to the prevailing NAV per Ordinary share from time to time (as determined by the Directors and excluding treasury shares).

    such power shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or on 30 September 2019, whichever is earlier, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

Bow Bells House
1 Bread Street, London EC4M 9HH

By order of the Board
**Aberdeen Asset Management PLC**
Secretaries

13 June 2018

## Notes:

(i) A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the Meeting. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 707 1153. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

(ii) To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority, if any, under which it is signed or authenticated, should be sent to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the Meeting.

(iii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company not later than 6.30pm on the date two days (excluding non-working days) before the time fixed for the meeting (or, if the meeting is adjourned, registered in the register of members not later than 6.30pm on the date two days (excluding non-working days) before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(iv) Any shareholder holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his or her proxy(ies) will need to ensure that both he or she and his/her proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(v) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising 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.

(vi) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (3RA50) no later than 48 hours before the time of the meeting or any adjournment. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(vii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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.

(viii) 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.

(ix) In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll, and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (icsa.org.uk), for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

(x) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

(xi) The terms of appointment of the Directors of the Company are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice of until the date of the meeting during usual business hours at the registered office of the Company and will, on the date of the Meeting, be available for inspection at the venue of the Meeting for 15 minutes prior to, and at, the Meeting.

(xii) Shareholders are advised that, unless otherwise stated, any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xiii) Following the Meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and placed on the Company's website: aberdeen-newindia.co.uk.

(xiv) Further information regarding the meeting is available from: aberdeen-newindia.co.uk

(xv) Under Section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this notice of meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business.

(xvi) It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

(xvii) As at 13 June 2018 (being the last practicable date prior to publication of this notice) the Company's issued share capital comprised 59,070,140 Ordinary shares of 25p each. Each Ordinary share carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 13 June 2018 was 59,070,140.

(xviii) There are special arrangements for holders of shares through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ('ISA'). These are explained in the separate 'Letter of Direction' which such holders will have received with this Annual Report.

# Glossary of Terms and Definitions

| | |
|---|---|
| **AAMAL or Investment Manager** | Aberdeen Asset Management Asia Limited, a wholly owned subsidiary of Standard Life Aberdeen plc |
| **AFML or Manager or AIFM** | Aberdeen Fund Managers Limited ("AFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, which acts as the alternative investment fund manager for the Company. AFML is authorised and regulated by the Financial Conduct Authority. |
| **AIC** | The Association of Investment Companies |
| **AIFMD or the Directive** | The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF. |
| **Alternative Performance Measures** | Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP. |

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Total return is considered to be an alternative performance measure. NAV total return involves investing the same net dividend in the NAV of the Company on the date on which that dividend was earned. Share price total return involves reinvesting the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company during the years ended 31 March 2018 and 31 March 2017. No dividends were declared during these years.

| **2018** | **NAV** | **Share price** |
|---|---|---|
| 31 March 2017 | 487.88p | 441.50p |
| 31 March 2018 | 490.00p | 426.00p |
| **Total return** | **+0.4%** | **–3.5%** |

| **2017** | **NAV** | **Share price** |
|---|---|---|
| 31 March 2016 | 362.07p | 313.25p |
| 31 March 2017 | 487.88p | 441.50p |
| **Total return** | **+34.7%** | **+40.9%** |

### Ongoing charges

Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses of the Company and its Subsidiary and expressed as a percentage of the average net asset values throughout the year.

| | **2018** | **2017** |
|---|---|---|
| Investment management fees (£'000) | 3,015 | 2,527 |
| Administrative expenses (£'000) | 759 | 789 |
| Less: non-recurring charges (£'000) | (3) | (38) |
| **Ongoing charges (£'000)** | **3,771** | **3,278** |
| **Average net assets (£'000)** | **302,670** | **251,040** |
| **Ongoing charges ratio** | **1.25%** | **1.31%** |

# Glossary of Terms and Definitions continued

| | |
|---|---|
| | The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations. |
| **Discount** | The amount by which the market price per share of an investment trust is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV per share. |
| **Leverage** | For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its NAV and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. |
| **Net Asset Value/NAV** | The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares presently in issue produces the basic net asset value per share. |
| **Net Gearing/(Cash)** | Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage. This is in accordance with the AIC guidance "Gearing Disclosures post RDR". |
| **Ongoing Charges** | Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the AIC's industry standard method. |
| **Premium** | The amount by which the market price per share of an investment trust exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV per share. |
| **Price/Earnings or PE Ratio** | The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential. |
| **Prior Charges** | The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment. |
| **Gross portfolio yield** | The historic annual income from the underlying investment portfolio, as a proportion of the total value of the investment portfolio as at 31 March |
| **Prospective portfolio PE ratio** | The total value of the investment portfolio as a multiple of the consensus forecast annual aggregate earnings from the investment portfolio |
| **Standard Life Aberdeen Group** | The Standard Life Aberdeen plc group of companies |
| **Total Assets** | Total assets as per the balance sheet less current liabilities (before deducting prior charges as defined above). |
| **Total Return** | Total Return involves reinvesting the net dividend in the month that the share price goes ex dividend. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date. |

# Your Company's Capital History

## Issued Share Capital at 31 March 2018 and 13 June 2018

| | |
|---|---|
| **59,070,140** | Ordinary shares of 25p |

## Capital History

| | |
|---|---|
| **Year ended 31 March 2017** | Name changed on 3 January 2017 from New India Investment Trust PLC to Aberdeen New India Investment Trust PLC |
| **Year ended 31 March 2011** | 12,115,997 Ordinary shares issued following the final exercise of Warrants |
| **Year ended 31 March 2010** | 644,685 Ordinary shares issued following the exercise of Warrants |
| **Year ended 31 March 2009** | 21,708 Ordinary shares issued following the exercise of Warrants |
| | 1,575,000 Ordinary shares purchased by Company for cancellation |
| **Year ended 31 March 2008** | 22,900 Ordinary shares issued following the exercise of Warrants |
| **Year ended 31 March 2007** | 9,100 Ordinary shares issued following the exercise of Warrants |
| **Year ended 31 March 2006** | 18,700 Ordinary shares issued following the exercise of Warrants |
| **Year ended 28 February 2005** | Accounting Reference Date changed from 28 February to 31 March |
| | Name changed from Deutsche Latin American Companies Trust PLC to New India Investment Trust PLC |
| | Shareholders voted in favour of a special resolution to transfer investment management services to AAMAL (subsequently transferred to AFML in July 2014) and pursue a revised investment objective to provide shareholders with long term capital appreciation by investment in companies which are incorporated in India or which derive significant revenue or profit from India, with dividend yield from the Company being of secondary importance. |
| **Year ended 28 February 2002** | 450,000 Ordinary shares purchased by the Company for cancellation<br>1,000 Ordinary shares issued following the exercise of Warrants |
| **Year ended 28 February 2001** | Name changed from Morgan Grenfell Latin American Companies Trust PLC to Deutsche Latin American Companies Trust PLC<br>11,915,000 Ordinary shares purchased by the Company for cancellation |
| **Year ended 28 February 2000** | 3,110,000 Ordinary shares purchased by the Company for cancellation |
| **Year ended 28 February 1999** | 885,000 Ordinary shares purchased by the Company for cancellation |
| **Year ended 28 February 1996** | 100 Ordinary shares issued following the exercise of Warrants |
| **31 March 1994** | 64,170,950 Ordinary shares and 12,834,190 Warrants issued (representing one Warrant for every five Ordinary shares) |
| **21 February 1994** | Company incorporated as Morgan Grenfell Latin American Companies Trust PLC |

MIX
Paper from responsible sources
FSC® C005739
FSC www.fsc.org