

# Annual Report 2011

JPMorgan Indian  
Investment Trust plc

Annual Report & Accounts for the year ended 30th September 2011

J.P.Morgan  
Asset Management

# Features

## Contents

### About the Company

- 1 Financial Results
- 2 Chairman's Statement

### Investment Review

- 4 Investment Managers' Report
- 6 Summary of Results
- 7 Performance
- 8 Ten Year Financial Record
- 9 Ten Largest Group Investments
- 10 Group Portfolio Analysis
- 11 List of Group Investments

### Directors' Report

- 12 Board of Directors
- 14 Directors' Report
- 14 Business Review
- 19 Corporate Governance Statement
- 24 Directors' Remuneration Report

### Accounts

- 25 Statement of Directors' Responsibilities
- 26 Independent Auditor's Report
- 27 Group Income Statement
- 28 Group and Company Statements of Changes in Equity
- 30 Group and Company Balance Sheets
- 31 Group and Company Cash Flow Statements
- 32 Notes to the Accounts

### Shareholder Information

- 53 Notice of Annual General Meeting
- 56 Glossary of Terms and Definitions
- 58 Details of Subscription shares
- 61 Information about the Company

### Objective

Capital growth from investments in India.

### Investment Policies

- To invest in a diversified portfolio of equity and equity-related securities of Indian companies.
- To invest also in companies which earn a material part of their revenues from India.
- The Company will not invest in the other countries of the Indian sub-continent nor in Sri Lanka.
- To invest no more than 15% of gross assets in other investment companies (including investment trusts).
- To use gearing when appropriate to increase potential returns to shareholders; the Company's gearing policy is to use short-term gearing for tactical purposes, up to a maximum level of 15% of shareholders' funds.

### Benchmark

MSCI India Index expressed in sterling.

### Risk

Investors should note that there can be significant economic and political risks inherent in investing in a single emerging economy such as India. As such, the Indian market can exhibit more volatility than developed markets and this should be taken into consideration when evaluating the suitability of the Company as a potential investment.

### Capital Structure

At 30th September 2011, the Company's share capital comprised 117,605,110 Ordinary shares of 25p each including 1,979,788 shares held in Treasury, and 8,408,433 Subscription shares of 1p each.

### Continuation Vote

The Company's Articles require that, at the Annual General Meeting to be held in 2014 and at every fifth year thereafter, the Directors will propose a resolution that the Company continues as an investment trust.

### Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM' or the 'Manager') to manage its assets.

# Financial Results

## Total returns

**-21.6%**

Portfolio total return net of fees and expenses<sup>1,2</sup>  
(2010: +32.7%)

**-24.2%**

Benchmark<sup>3</sup>  
(2010: +29.4%)

**-20.9%**

Diluted return on net assets<sup>1,4</sup>  
(2010: +32.4%)

**-23.0%**

Return to Ordinary shareholders<sup>5</sup>  
(2010: +27.9%)

A glossary of terms and definitions is provided on pages 56 and 57.

<sup>1</sup>Source: J.P. Morgan.

<sup>2</sup>Return on net assets, that is net of management fees and administration expenses, but excluding the effect of Subscription shares which have converted during the year and the dilutive impact of Subscription shares in issue at the year end.

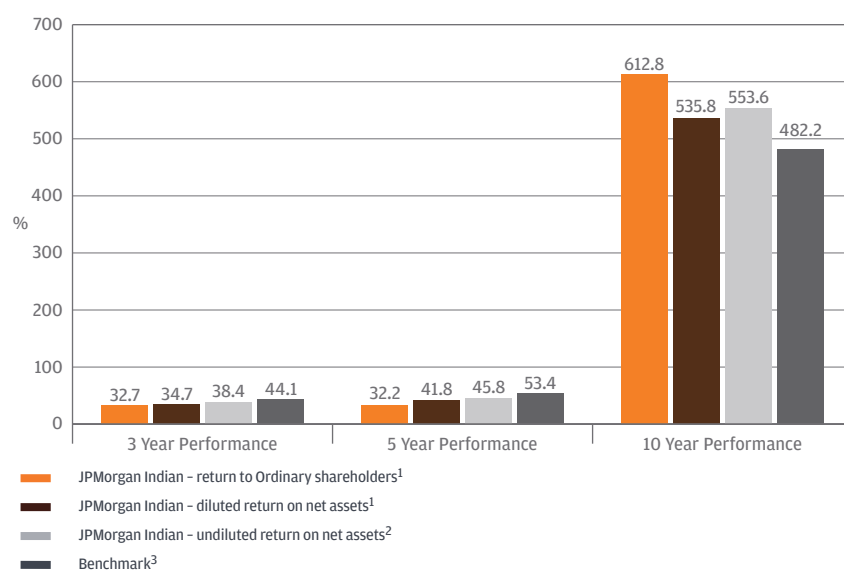
<sup>3</sup>Source: MSCI. The Company's benchmark is the MSCI India Index expressed in sterling.

<sup>4</sup>Return on net assets, using the diluted net asset value, which assumes that all outstanding dilutive Subscription shares were converted into Ordinary shares at the year end.

<sup>5</sup>Source: Morningstar.

## Long Term Performance

for periods ended 30th September 2011



<sup>1</sup>Source: Morningstar.

<sup>2</sup>Source: J.P. Morgan.

<sup>3</sup>Source: MSCI.

# Chairman's Statement



## **Year Under Review**

The year to 30th September 2011 has been a poor one for investors in the Indian stockmarket. Despite the Company again outperforming its benchmark, the MSCI India Index (in sterling terms), which fell by 24.2%, the fall in the diluted net asset value of 20.9% is a disappointing outcome. The return to shareholders was -23.0%, reflecting a widening of the discount, from 7.6% to 10.1%, over the year.

While cautious about the short term prospects for a recovery, our investment managers remain confident about the long term prospects for the Indian market and have maintained the high quality bias within the portfolio that, to some extent, protected returns. For a full review of the year, an examination of the current portfolio and the prospects for the future, please see the Investment Managers' Report on pages 4 and 5.

## **Gearing**

The Company has a one year floating rate US\$50 million loan facility with ING Bank to provide the investment managers with the flexibility to gear the portfolio should it be deemed appropriate. As at the date of this report, the facility is undrawn.

## **Board of Directors**

In my report last year, I detailed the programme of renewal the Board had put in place to refresh its membership. As the first phase of that process, Hugh Sandeman joined the Board on 1st October 2010 and Pierre Dinan retired as a Director at the 2011 Annual General Meeting. More recently, Nimi Patel, a leading corporate lawyer specialising in India, was appointed as a Director on 13th December 2011 and Vijay Joshi will retire as a Director at the January 2012 AGM. Vijay, who has been a Director for more than 16 years, has contributed strongly to the Company's success during that time and we wish him well in his retirement.

During the year, the Nomination Committee carried out evaluations of the Directors, the Chairman, the Board and its Committees. It concluded that all the Directors added significant value to the Company's deliberations. In accordance with corporate governance best practice, Richard Burns, Hugh Sandeman, Peter Sullivan and myself will retire by rotation at this year's Annual General Meeting and, being eligible, offer ourselves for reappointment, while Nimi Patel, our new Director, stands for appointment to the Board. I have no hesitation in recommending the respective reappointments and appointment.

## **Investment Manager**

The Board has reviewed the investment management, secretarial and marketing services provided to the Company by JPMorgan Asset Management (UK) Limited ('JPMAM'). This annual review has included their performance record, management processes, investment style, resources and risk control mechanisms. The Board was satisfied with the results of the review and therefore in the opinion of the Directors, the continuing appointment of JPMAM for the provision of these services, on the terms agreed, is in the best interests of shareholders as a whole. Ted Pulling, one of the Company's co-managers, has recently been appointed as Chief Investment Officer of JF Asset Management in Hong Kong and will be stepping aside as a named manager in the new year.

## **Share Issues and Repurchases**

At the Annual General Meeting in January 2011 shareholders granted the Directors authority to repurchase up to 14.99% of the Company's shares for cancellation or into

Treasury. Whilst the Company did not repurchase any shares during the year, your Board believes that such a facility is an important tool in the management of discount volatility and is, therefore, seeking approval from shareholders to renew the authority at the forthcoming Annual General Meeting. Shares repurchased in this way might not be cancelled but rather held in Treasury. Purchases of shares to be held in Treasury will be made in accordance with the Listing Rules of the UK Listing Authority and the Companies (Acquisitions of Own Shares) (Treasury Shares) Regulations 2003 as amended and any reissue from Treasury would be at a premium to NAV.

Shareholders also granted the Directors authority to issue new ordinary shares. At times over recent years, the Company's Ordinary shares have traded at a premium to net asset value ('NAV'), which has enabled the issue of new Ordinary shares at various levels of premia. The Board has established guidelines relating to the issue of shares and if the conditions are met, this authority will be utilised to enhance the Company's NAV per share and therefore benefit existing shareholders. To supplement this authority, the Board proposes to reissue shares from Treasury when appropriate. Issuing shares out of Treasury would be cheaper since this avoids the necessity of the Company paying listing fees to the London Stock Exchange and the UK Listing Authority. The Board will only buy back shares at a discount to their prevailing net asset value, and issue new shares, or reissue Treasury shares, when they trade at a premium to their net asset value, so as not to prejudice remaining shareholders.

#### **Bonus Issue of Subscription Shares**

In November 2008, the Company issued 21,001,937 Subscription shares to shareholders on the basis of one Subscription share for every five ordinary shares previously held. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary share on any business day during the period from 2nd January 2009 to 2nd January 2014, after which the rights under the Subscription shares will lapse.

The Company's Ordinary share price has continued to trade above the current exercise price of 247p per Subscription share over the course of the year. Since their issue in November 2008, 13,115,843 Subscription shares (62.5% of those issued) have been converted, raising proceeds of more than £31.1 million. The next step-up in exercise price occurs on 3rd January 2012 when the price rises from 247p to 291p per Subscription share.

Further details of the Subscription shares, including the subscription periods and their respective prices and the bonus cost for the calculation of taxation, can be found on page 58 and on the Company's website at [www.jpmindian.co.uk](http://www.jpmindian.co.uk)

#### **Annual General Meeting**

This year's Annual General Meeting will be held at Trinity House, Tower Hill, London EC3N 4DH at 12.00 noon on Tuesday, 31st January 2012. As in previous years, in addition to the formal part of the meeting, there will be a presentation from a representative of the Manager, who will answer questions on the portfolio and performance. There will also be an opportunity to meet the Board and representatives of JPMorgan.

If you have any detailed or technical questions, it would be helpful if you could raise them in advance with the Company Secretary at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ. Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

**Hugh Bolland**  
Chairman

20th December 2011

# Investment Managers' Report



Edward Pulling



Rukhshad Shroff



Rajendra Nair

The Company's financial year was a brutal one for investors in the Indian stock market. The outcome for shareholders in JPMorgan Indian was most disappointing, with the diluted return on net assets a negative 20.9%. This moderate outperformance relative to our benchmark provided cold comfort at best. Our report reviews the financial year, analyses the performance and then discusses the outlook as we see it today.

## Review

The most consistent headwind buffeting the Indian stock market in 2011 was inflation. Prices in India are rising by almost 10% year-on-year, mostly due to primary items, namely food and energy, but also as a result of wages which are increasing by 10-20% annually. The Reserve Bank of India has responded to this by raising interest rates 13 times in this monetary cycle, but the effect on inflation, so far, has been muted. The impact on the stock market and on investments in general however, has been much more pronounced. That said, the RBI has indicated that it will pause on the interest rate front and observe how inflation moves in early 2012.

The corruption scandal surrounding the Commonwealth Games in late 2010 was the first of many. Since then, housing in Mumbai, spectrum allocation in telecommunications, mining licences and environmental permits have all been high profile areas of alleged large scale corruption. The populist backlash peaked in the summer of 2011 with the hunger strike staged by the well known activist Anna Hazare. While the government and Mr Hazare may have reconciled, policy remains paralysed. Parliamentary sessions are unproductive and corporates have put investments on hold until clarity improves and approvals are granted. For India, which suffers from a chronic infrastructure deficit, these delays will result in widespread hardship, constrained logistics and embedded inflation.

During the course of the year, all forms of economic data have indicated that the economy is decelerating. GDP growth was expected to be in excess of 8.5%, but the latest official quarterly data reported 7.7% growth and most economists think the economy will grow by less than 7.0% in 2011. Growth in industrial production has dropped to less than 3%. Loan growth is also decelerating, as is demand for cement and steel. Of greater relevance to stock market investors, corporate earnings forecasts have been cut sharply, with the outlook now for 8-14% growth in earnings in fiscal years 2012 and 2013 against previous expectations of 18-22%.

As if domestic problems were not enough, the global environment has been persistently difficult. The European sovereign debt crises, the deceleration of the Chinese economy and ongoing questions about another recession in the US have all weighed heavily on risk appetite. At the time of writing, net foreign selling of Indian equities year-to-date is only slightly negative compared to the US\$45 billion inflow in 2009 and 2010. There remains a risk that foreigners continue to reduce their exposure to India.

## Performance

The Company's diluted return on net assets was 3.3% ahead of our benchmark over the financial year. The single biggest contribution to this outperformance was the quality bias embedded within the portfolio. Quite simply, we avoided infrastructure concept stocks, highly indebted companies, those with questionable management and also global cyclicals. Stocks with these attributes significantly underperformed the broader stock market. That said, performance would have been better if the portfolio had had even less exposure to the infrastructure sector. Even blue chip stocks supported by large order books and experienced management like Larsen & Toubro, Infrastructure Development Finance and Bharat Heavy Electricals have fallen sharply.

### Performance attribution for the year ended 30th September 2011

	%	%
<b>Contributions to total returns</b>		
<b>Benchmark</b>		<b>-24.2</b>
Asset allocation	1.0	
Stock selection	2.5	
Currency effect	-0.2	
Gearing/cash	0.8	
<b>Investment manager contribution</b>		<b>4.1</b>
<b>Portfolio return</b>		<b>-20.1</b>
Management fee/ other expenses	-1.5	
<b>Portfolio total return net of fees and expenses</b>		<b>-21.6</b>
Exercise of Subscription shares	-0.7	
<b>Other effects</b>		<b>-0.7</b>
<b>Undiluted return on net assets</b>		<b>-22.3</b>
<b>Change in dilutive effect of outstanding Subscription shares</b>		<b>1.4</b>
<b>Diluted return on net assets</b>		<b>-20.9</b>
<b>Effect of increase in discount</b>		<b>-2.1</b>
<b>Return to Ordinary shareholders</b>		<b>-23.0</b>

Source: Xamin, J.P. Morgan and Morningstar.  
All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.

A glossary of terms and definitions is provided on pages 56 and 57.

Within the portfolio, some of the best performing stocks were Bharti Airtel, ITC and Bajaj Auto. All three of these are consumer companies. Indeed, while investment has slowed to a standstill in India, consumption has remained robust, especially in the hinterlands. Strong wage growth, higher prices for agricultural products and government subsidies have all put money in the pockets of the Indian consumer. With hindsight, the portfolio should have had even greater exposure to consumer stocks. Within the all important financial sector, our bias towards well managed private sector banks was also beneficial. Stalwarts such as HDFC and HDFC Bank may have fallen 10-15% in 2011, but that was modest in comparison to the decline in the State Bank of India's shares, which the portfolio did not hold, which fell by more than 40%. In addition, the Company largely avoided the property sector, which has materially underperformed this year.

Unfortunately, there is very little one can do to protect investors from currency loss. The Indian rupee has been very weak this year and is now trading on the weak side of 51 versus the US dollar. This is an all time low. The high oil price is aggravating India's chronic fiscal and trade deficits, which stand in sharp contrast to the rest of Asia. There is evidence that the deleveraging of European banks is resulting in credit being withdrawn and assets being sold in India. As foreigners reduce their exposure to India, so too the Indian rupee weakens. But we should not forget that foreign exchange reserves are well above US\$300 billion. In our view the currency will eventually stabilise.

#### Outlook

If this report reads as downbeat, it is because it narrates the past, whereas the outlook is arguably much better. At current levels, the shares of many Indian blue chip companies are trading at attractive levels. The weak Indian Rupee adds to this undervaluation. There are undeniable risks, but at a certain point investors are likely to adopt a longer term attitude.

Earnings forecasts have been cut more aggressively in India than elsewhere in Asia or the emerging market space overall, indicating that much of the pain has already been taken. Consequently, valuations in India are more attractive now, both on an absolute basis and relative to other markets. Margins have been pressured by higher interest rates and raw material inflation. We think these headwinds will abate.

The portfolio is still positioned cautiously, but we are very aware that a potential buying opportunity is in the offing. When appropriate, we expect to deploy our cash and rebuild positions in certain sectors, such as infrastructure and materials and cyclicals.

India's long term growth story remains intact; it is undergoing a painful period at present, but the essentials are still alive - dynamic entrepreneurial management, a young and vibrant population, low penetration of financial services and infrastructure and a huge pool of growing savings waiting to be deployed.

At the end of a most difficult year, we thank our shareholders for their patience and loyalty.

**Ted Pulling**  
**Rukhshad Shroff**  
**Raj Nair**  
Investment Managers

20th December 2011

# Summary of Results

	2011	2010	
<b>Total returns</b> for the year ended 30th September			
'Unit' return to shareholders <sup>1,2</sup>	<b>-25.0%</b>	+29.6%	
Portfolio total return net of fees and expenses <sup>2,3</sup>	<b>-21.6%</b>	+32.7%	
Benchmark <sup>4</sup>	<b>-24.2%</b>	+29.4%	
Diluted return on net assets <sup>5</sup>	<b>-20.9%</b>	+32.4%	
Undiluted return on net assets <sup>2</sup>	<b>-22.3%</b>	+29.6%	
Return to Ordinary shareholders <sup>6</sup>	<b>-23.0%</b>	+27.9%	
			% change
<b>Net asset value, share price, discount and market data</b>			
at 30th September			
Shareholders' funds (£'000)	<b>473,717</b>	599,836	-21.0
Diluted net asset value per Ordinary share	<b>398.7p</b>	504.0p	-20.9
Undiluted net asset value per Ordinary share	<b>409.7p</b>	527.0p	-22.3
Ordinary share price	<b>358.3p</b>	465.5p	-23.0
Ordinary share price discount to diluted net asset value per Ordinary share	<b>10.1%</b>	7.6%	
Ordinary shares in issue - excluding shares held in Treasury	<b>115,625,322</b>	113,812,663	+1.6
Subscription share price	<b>112.0p</b>	210.0p	-46.7
Subscription shares in issue	<b>8,408,433</b>	10,221,092	-1.8
<b>Revenue</b> for the year ended 30th September			
Net revenue loss attributable to shareholders (£'000)	<b>(1,565)</b>	(1,692)	
Revenue loss per Ordinary share (undiluted)	<b>(1.36)p</b>	(1.51p)	
<b>Actual gearing factor</b> at 30th September <sup>7</sup>	<b>97.2%</b>	99.2%	
<b>Total expense ratio</b> <sup>8</sup>	<b>1.5%</b>	1.5%	

A glossary of terms and definitions is provided on pages 56 and 57.

<sup>1</sup>A unit comprises 5 Ordinary shares and 1 Subscription share.

<sup>2</sup>Source: J.P. Morgan.

<sup>3</sup>Return on net assets, that is net of management fee and administration expenses, but excluding the effect of Subscription shares which have converted during the year and the dilutive impact of Subscription shares in issue at the year end.

<sup>4</sup>Source: MSCI. The Company's benchmark is the MSCI India Index expressed in sterling.

<sup>5</sup>Return on net assets, using the diluted net asset value, which assumes that all outstanding dilutive Subscription shares were converted into Ordinary shares at the year end.

<sup>6</sup>Source: Morningstar.

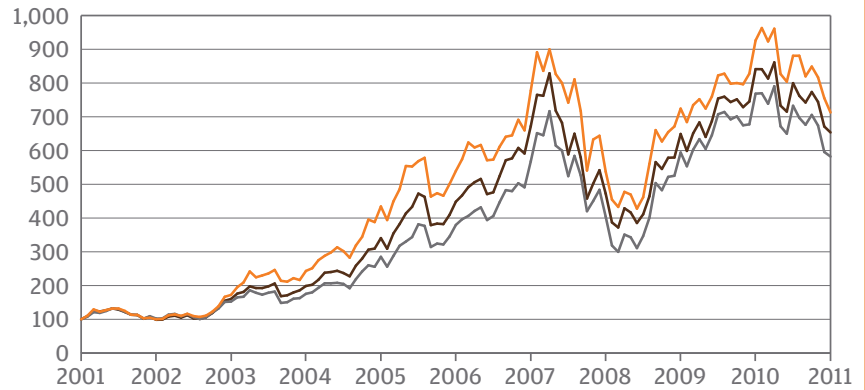
<sup>7</sup>Investments expressed as a percentage of total equity shareholders' funds.

<sup>8</sup>Management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the month end net assets during the year. The total expense ratio is calculated in accordance with guidance issued by the Association of Investment Companies.

# Performance

## Ten Year Performance

Figures have been rebased to 100 at 30th September 2001

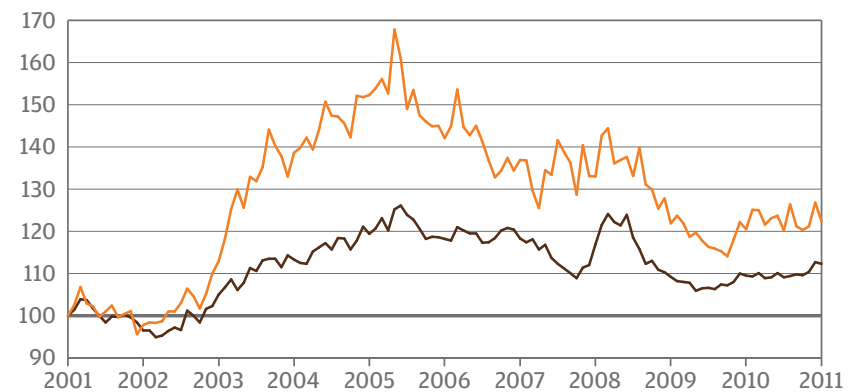


Source: Morningstar/MSCI.

- JPMorgan Indian - Ordinary share price total return.
- JPMorgan Indian - undiluted return on net assets.
- Benchmark.

## Performance Relative to Benchmark

Figures have been rebased to 100 at 30th September 2001



Source: Morningstar/MSCI.

- JPMorgan Indian - Ordinary share price total return.
- JPMorgan Indian - undiluted return on net assets.
- The benchmark is represented by the grey horizontal line.

# Ten Year Financial Record

At 30th September	2001	2002	2003	2004 <sup>1</sup>	2005 <sup>1</sup>	2006	2007	2008	2009	2010	2011
Shareholders' funds (£'000)	49,452	48,236	67,573	104,394	205,087	294,203	436,186	303,999	431,458	599,836	<b>473,717</b>
Diluted net asset value per Ordinary share (p) <sup>2</sup>	62.8	62.0	100.6	124.4	212.8	281.0	421.0	295.8	380.7	504.0	<b>398.7</b>
Undiluted net asset value per Ordinary share (p)	62.8	62.0	100.6	124.4	212.8	281.0	421.0	295.8	406.7	527.0	<b>409.7</b>
Ordinary share price (p)	50.3	50.3	86.5	122.3	218.3	271.0	390.5	270.0	364.0	465.5	<b>358.3</b>
Ordinary share price (discount)/ premium to diluted net asset value per Ordinary share	(20.0)	(18.9)	(14.1)	(1.7)	2.6	(3.6)	(7.3)	(8.7)	(4.4)	(7.6)	<b>(10.1)</b>
Actual gearing factor (%) <sup>3</sup>	104.3	96.6	101.2	98.8	101.2	99.8	100.7	94.7	99.7	99.2	<b>97.2</b>
Subscription share price	–	–	–	–	–	–	–	–	138.5	210.0	<b>112.0</b>
<b>Year ended 30th September</b>											
Gross revenue return (£'000)	999	941	1,065	1,756	2,240	2,922	3,759	3,856	3,955	6,273	<b>7,201</b>
Revenue loss per Ordinary share (p)	(0.54)	(0.46)	(0.26)	(0.28)	(0.45)	(1.31)	(2.49)	(2.29)	(0.78)	(1.51)	<b>(1.36)</b>
Total expense ratio (%) <sup>4</sup>	2.1	2.4	2.0	2.2	1.7	1.7	1.5	1.8	1.5	1.5	<b>1.5</b>
<b>Rebased to 100 at 30th September 2001</b>											
Ordinary share price total return <sup>5</sup>	100.0	100.0	172.2	243.3	434.3	539.3	777.3	537.3	724.2	926.2	<b>712.8</b>
Diluted return on net assets <sup>5</sup>	100.0	98.6	160.2	198.8	340.6	448.4	672.0	472.1	607.5	803.8	<b>635.8</b>
Undiluted return on net assets	100.0	98.6	160.2	198.8	340.6	448.4	672.0	472.1	649.1	841.2	<b>653.6</b>
Benchmark <sup>6</sup>	100.0	102.2	152.5	175.5	285.2	379.5	567.9	403.9	594.2	768.5	<b>582.2</b>

A glossary of terms and definitions is provided on pages 56 and 57.

<sup>1</sup>Restated following the adoption of International Financial Reporting Standards.

<sup>2</sup>Assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. There were no dilutive potential Ordinary shares in issue at 30th September 2008 and prior years.

<sup>3</sup>Investments expressed as a percentage of total equity shareholders' funds.

<sup>4</sup>Management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the month end net assets during the year (2008 and prior years: the average of the opening and closing net assets).

<sup>5</sup>Source: Morningstar/J.P. Morgan.

<sup>6</sup>Source: MSCI. The Company's benchmark is the MSCI India Index expressed in sterling.

# Ten Largest Group Investments

Company	Sector	At 30th September 2011				At 30th September 2010			
		Valuation £'000	Portfolio % <sup>1</sup>	Benchmark %	Active Position* %	Valuation £'000	Portfolio % <sup>1</sup>	Benchmark %	Active Position* %
Infosys Technologies	Information Technology	55,092	11.6	9.5	2.1	67,728	11.3	10.7	0.6
Reliance Industries	Energy	39,223	8.3	9.3	(1.0)	53,665	8.9	9.9	(1.0)
HDFC Bank	Financials	38,245	8.1	6.2	1.9	45,783	7.6	5.2	2.4
HDFC	Financials	31,015	6.5	6.1	0.4	35,019	5.8	6.0	(0.2)
ITC <sup>2</sup>	Consumer Staples	25,900	5.5	3.9	1.6	15,053	2.5	3.0	(0.5)
ICICI Bank	Financials	22,033	4.6	6.2	(1.6)	34,624	5.8	6.9	(1.1)
Tata Consultancy Services	Information Technology	19,516	4.1	4.3	(0.2)	20,788	3.5	3.3	0.2
Bharti Airtel <sup>2</sup>	Telecommunication Services	16,454	3.5	–	3.5	2,063	0.4	–	0.4
Larsen & Toubro	Industrials	14,219	3.0	2.5	0.5	19,472	3.2	3.2	0.0
Bharat Heavy Electricals	Industrials	13,694	2.9	1.7	1.2	24,576	4.1	2.2	1.9
<b>Total<sup>3</sup></b>		<b>275,391</b>	<b>58.1</b>	<b>49.7</b>		<b>318,771</b>	<b>53.1</b>	<b>50.4</b>	

\*A glossary of terms and definitions is provided on pages 56 and 57.

<sup>1</sup>Based on total assets less current liabilities of £473.7m (2010: £599.8m).

<sup>2</sup>Not included in the ten largest Group investments at 30th September 2010.

<sup>3</sup>At 30th September 2010, the value of the ten largest Group investments amounted to £340.2m representing 56.7% of total assets less current liabilities.

# Group Portfolio Analysis

Sector	At 30th September 2011			At 30th September 2010		
	Portfolio % <sup>1</sup>	Benchmark %	Active Position* %	Portfolio % <sup>1</sup>	Benchmark %	Active Position* %
Financials	27.5	27.9	(0.4)	33.4	28.5	4.9
Information Technology	17.1	16.2	0.9	14.8	16.6	(1.8)
Energy	11.2	13.0	(1.8)	9.8	13.4	(3.6)
Industrials	9.5	7.4	2.1	14.2	10.2	4.0
Materials	9.3	9.8	(0.5)	12.1	10.6	1.5
Consumer Discretionary	6.6	8.2	(1.6)	6.0	4.8	1.2
Consumer Staples	5.5	7.4	(1.9)	2.6	6.1	(3.5)
Health Care	5.2	4.8	0.4	3.2	3.7	(0.5)
Telecommunication Services	3.5	0.3	3.2	0.6	0.7	(0.1)
Utilities	1.8	5.0	(3.2)	2.5	5.4	(2.9)
Net current assets	2.8	—	2.8	0.8	—	0.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>	

\*A glossary of terms and definitions is provided on pages 56 and 57.

<sup>1</sup>Based on total assets less current liabilities of £473.7m (2010: £599.8m).

# List of Group Investments

at 30th September 2011

Company	Valuation £'000	Company	Valuation £'000
<b>Financials</b>		<b>Industrials</b>	
HDFC Bank	38,245	Larsen & Toubro	14,219
HDFC	31,015	Bharat Heavy Electricals	13,694
ICICI Bank	22,033	Tata Motors	9,869
Infrastructure Development Finance	11,540	Cummins India	5,306
Kotak Mahindra Bank	10,041	Sintex Industries	1,707
Indusind Bank	9,911	<b>Total Industrials</b>	<b>44,795</b>
Mahindra & Mahindra Financial Services	4,860	<b>Consumer Staples</b>	
Oberoi Realty	2,681	ITC	25,900
<b>Total Financials</b>	<b>130,326</b>	<b>Total Consumer Staples</b>	<b>25,900</b>
<b>Information Technology</b>		<b>Health Care</b>	
Infosys Technologies	55,092	Sun Pharmaceuticals Industries	8,284
Tata Consultancy Services	19,516	Dr Reddys Laboratories	6,291
Wipro	6,337	DIVI's Laboratories	5,255
<b>Total Information Technology</b>	<b>80,945</b>	GlaxoSmithKline Pharmaceuticals India	5,021
<b>Energy</b>		<b>Total Health Care</b>	<b>24,851</b>
Reliance Industries	39,223	<b>Telecommunication Services</b>	
Bharat Petroleum	5,920	Bharti Airtel	16,454
Coal India	4,358	<b>Total Telecommunication Services</b>	<b>16,454</b>
Oil & Natural Gas	3,493	<b>Utilities</b>	
<b>Total Energy</b>	<b>52,994</b>	National Thermal Power	4,963
<b>Materials</b>		Tata Power	3,823
Hindalco Industries	12,126	<b>Total Utilities</b>	<b>8,786</b>
Associated Cement	8,611	<b>Total Group investments held at fair value</b>	
Jindal Steel & Power	7,935	<b>460,324</b>	
Ambuja Cements	5,481	<sup>1</sup> Unquoted investment.	
Godrej Industries	5,086		
Grasim Industries	2,494		
JSW Steel	2,244		
<b>Total Materials</b>	<b>43,977</b>		
<b>Consumer Discretionary</b>			
Mahindra & Mahindra	10,531		
Bajaj Auto	10,064		
Hero Honda	3,825		
Exide Industries	3,654		
Maruti Suzuki India	3,221		
DC Design <sup>1</sup>	1		
<b>Total Consumer Discretionary</b>	<b>31,296</b>		

# Board of Directors



**Hugh Bolland\*†‡ (Chairman of the Board and Nomination Committee)**

A Director since September 2004.

Last reappointed to the Board: 2010.

Remuneration: £30,000.

Currently serving as a director of Fidelity Asian Values plc and Alliance Trust plc. Previously a director of Schroder Investment Management Limited, Schroder European Property Advisors Limited, Schroder Property Investment Limited and Schroder Split Fund plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 24,000 ordinary shares.



**Richard Burns\*†‡ (Chairman of the Audit Committee and Senior Independent Director)**

A Director since December 2006.

Last reappointed to the Board: 2009.

Remuneration: £25,000.

Former Joint Senior Partner and Head of Investment at Baillie Gifford. He is a Director of The Bankers Investment Trust plc, EP Global Opportunities Trust plc, Mid Wynd International Investment Trust plc and Standard Life Equity Income Trust plc.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 22,000 ordinary shares.



**Vijay Joshi\*†‡**

A Director since May 1995.

Last reappointed to the Board: 2011.

Remuneration: £22,500.

Fellow of St. John's College, Oxford and Emeritus Fellow of Merton College, Oxford. Former economic adviser to the Ministry of Finance, Government of India.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 11,640 ordinary shares.



**Nimi Patel\*†‡**

A Director since December 2011.

Remuneration: £22,500.

A member of Herbert Smith LLP's corporate division and Head of Herbert Smith India Group. She has assisted a number of Indian corporates, including the Tata Group, Reliance Industries and ICICI Limited, public sector undertakings and financial institutions on transactions in India. Nimi joined Herbert Smith LLP in 1994.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: None.



**Hugh Sandeman\*†‡**

A Director since 1st October 2010.

Appointed to the Board: 2011.

Remuneration: £22,500.

Over 20 years experience in investment banking, based in New York, Tokyo, London and Frankfurt principally with Dresdner Kleinwort. He is a Managing Director at Langham Capital Limited and a Non-Executive Director of West Pioneer Properties Limited.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: 10,000 ordinary shares.



**Peter Sullivan\*†‡**

A Director since October 2007.

Last reappointed to the Board: 2011.

Remuneration: £22,500.

Until 31st March 2008 he was Chief Executive Officer for Standard Chartered Bank (Hong Kong) Limited, responsible for the Bank's daily business and operations. He joined Standard Chartered in 1994 having previously spent fourteen years with Citibank where he was Regional Director of Cash Management Services for Citibank Europe, Middle East and Africa.

Connections with Manager: None.

Shared directorships with other Directors: None.

Shareholding in Company: None.

\* Member of the Audit Committee.

† Considered independent of the Manager.

‡ Member of the Nomination Committee.

# Directors' Report

The Directors present their report and the audited financial statements for the year ended 30th September 2011.

## Business Review

### Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ('Section 1158') for the year ended 30th September 2010. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek approval under Section 1158 each year.

Approval for the year ended 30th September 2010 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is not a close company for taxation purposes.

The Company owns 100% of the share capital of its subsidiary undertaking JPMorgan Indian Investment Company (Mauritius) Limited, an investment holding company registered in Mauritius.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 and 3, and in the Investment Managers' Report on pages 4 and 5.

The Group's portfolio of investments has been listed on page 11.

### Objective

The Company's objective is to achieve capital growth from investments in India. It aims to outperform the MSCI India Index (expressed in sterling terms).

### Investment Policies and Risk Management

In order to achieve its objective, the Company invests in a diversified portfolio and employs a Manager with a strong focus on research and company visits that enables it to identify what it believes to be the most attractive stocks in the market.

The Board has sought to manage the Company's risk by imposing various investment limits and restrictions. These limits and restrictions may be varied at any time by the Board at its discretion.

The Company does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts). The Company does not invest more than 10% of its

gross assets in companies that themselves may invest more than 15% of their gross assets in UK listed investment companies.

### Investment Restrictions and Guidelines

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions:

- The Company will not normally invest in the other countries of the Indian sub-continent nor in Sri Lanka.
- The Company can invest in companies that earn a material part of their revenues from India.
- At time of purchase, the maximum permitted exposure to any individual stock is 14.99% of total assets.
- No more than 10% of the Company's assets will be invested in unquoted investments.
- To use gearing when appropriate to increase potential returns to shareholders; the Company's gearing policy is to use short-term gearing for tactical purposes, up to a maximum level of 15% of shareholders funds.

Compliance with the Board's investment restrictions and guidelines is monitored regularly by the Manager and is reported to the Board on a monthly basis.

These limits and restrictions may be varied by the Board at any time at its discretion.

### Performance

In the year to 30th September 2011, the Company produced a portfolio total return net of fees and expenses of -21.6%, a total return to Ordinary shareholders of -23.0%, and a diluted return on net assets of -20.9%. This compares with the return on the Company's benchmark index of -24.2%. At 30th September 2011, the value of the Group's investment portfolio was £460.3 million. The Investment Managers' Report on pages 4 and 5 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

### Total Income and Profit

Total loss for the year amounted to £121.8 million (2010: £158.6 million income) and net loss after deducting administration expenses, interest and taxation, amounted to £130.6 million (2010: £150.7 million profit). Revenue loss for the year amounted to £1.6 million (2010: £1.7 million).

### Key Performance Indicators ('KPIs')

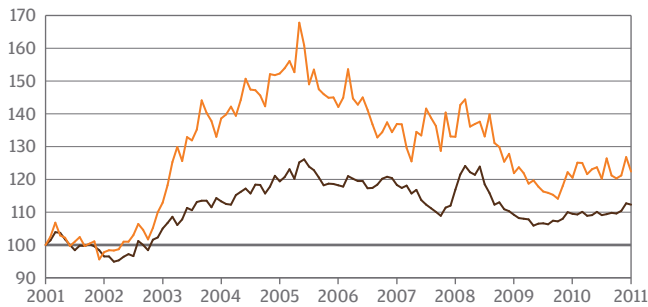
The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark**

This is the most important KPI by which performance is judged.

## Performance Relative to Benchmark Index

Figures have been rebased to 100 at 30th September 2001

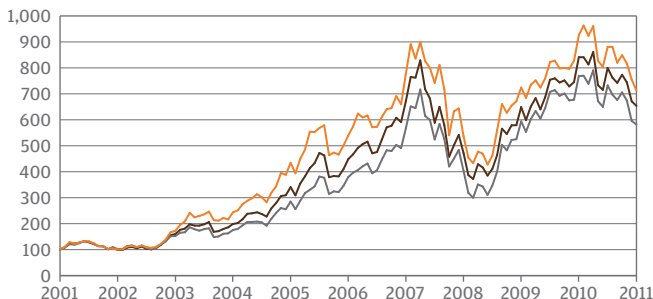


Source: Morningstar/MSCI.

- JPMorgan Indian – Ordinary share price total return.
- JPMorgan Indian – undiluted return on net assets.
- The benchmark is represented by the grey horizontal line.

## Ten Year Performance

Figures have been rebased to 100 at 30th September 2001



Source: Morningstar/MSCI.

- JPMorgan Indian – Ordinary share price total return.
- JPMorgan Indian – undiluted return on net assets.
- Benchmark.

- **Performance against the Company's peers**

The principal objective is to achieve capital growth and out-performance relative to the benchmark. The Board also monitors the performance relative to a broad range of competitor funds.

- **Performance attribution**

The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on

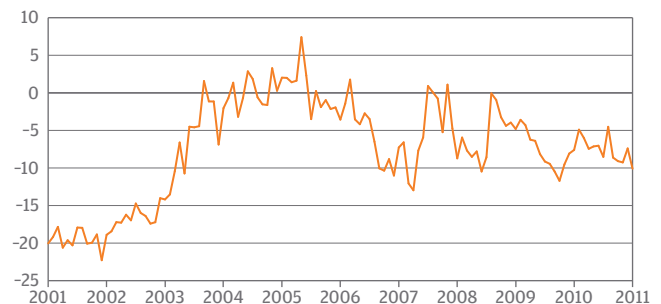
the Company's relative performance of the various components such as asset allocation, stock selection and gearing. Details of the attribution analysis for the year ended 30th September 2011 are given in the Investment Managers' Report on pages 4 and 5.

- **Share price discount to net asset value ('NAV') per share**

The Board has for several years operated a share repurchase programme which seeks to address imbalances in supply of and demand for the Company's shares within the market and thereby seek to reduce the volatility and absolute level of the share price discount to NAV per share at which the Company's shares trade. In the year to 30th September 2011, the shares traded between a discount of 4.5% and 10.1%.

The Board also has the ability to purchase shares into Treasury and to issue them at a later date at a premium to NAV.

## Premium/(Discount)



Source: Datastream/Bloomberg.

- JPMorgan Indian – share price discount/premium to diluted net asset value per share.

- **Total expense ratio ('TER')**

The TER is an expression of the Company's management fee and all other operating expenses excluding interest, as a percentage of the average of the month end net assets during the year. The TER for the year ended 30th September 2011 was 1.5% (2010: 1.5%). The Board reviews each year an analysis which shows a comparison of the Company's TER and its main expenses with those of its peers.

### Share Capital

The Company has authority to issue new shares, to repurchase shares into Treasury and to repurchase shares for cancellation.

During the year to 30th September 2011 the Company did not repurchase any shares for cancellation (2010: nil) nor into Treasury (2010: nil).

# Directors' Report continued

During the year the Company issued 1,812,659 Ordinary shares following the conversion of Subscription shares for a total consideration of £4,477,000. Since the year end, following the receipt of further conversion requests, a further 534,656 Ordinary shares have been issued for a total consideration of £1.3 million.

Further details of the Company's Subscription shares are set out below.

The Board will seek Shareholder approval at the forthcoming Annual General Meeting to renew the Directors' authority to issue new shares and repurchase shares into Treasury or for cancellation. More details are given on page 19 and the full text of the resolutions are set out on page 53.

## Subscription Shares

On 4th November 2008, the Company issued Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right, (but not the obligation), to subscribe for one Ordinary share on any business day between and including 2nd January 2009 and 2nd January 2014, after which the rights under the Subscription shares will lapse.

Future exercise prices available to holders of the remaining Subscription shares are as follows:

If Subscription share rights are exercised on any day between and including 3rd January 2010 and 2nd January 2012, 247 pence.

If Subscription share rights are exercised on any day between and including 3rd January 2012 and 2nd January 2014, 291 pence.

Further details on the Subscription shares, including the apportionments for capital gains tax purposes and how they may be exercised can be found on page 58 of this report and on the Company's website at [www.jpmindian.co.uk](http://www.jpmindian.co.uk).

## Principal Risks

With the assistance of the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- **Investment and Strategy:** An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to under-performance against the Company's benchmark Index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and

guidelines which are monitored and reported by the Manager JPMorgan Asset Management (UK) Limited ("JPMAM"). JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and review data which show statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing, within a strategic range set by the Board.

- **Market:** Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss that the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines, which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Manager.
- **Accounting, Legal and Regulatory:** In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under 'Business of the Company' above. Were the Company to breach Section 1158, it would lose its investment trust status and, as a consequence, gains within the Company's portfolio would be subject to Capital Gains Tax. The Section 1158 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month. The Company must also comply with the provisions of The Companies Act and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules. A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing which in turn would breach Section 1158. The Board relies on the services of its Company Secretary, JPMAM to ensure compliance with The Companies Act and the UKLA Listing Rules.
- Any change in the taxation legislation or taxation regime applicable to the Mauritian Subsidiary could affect the value of the investments held by the Group, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. In particular, it is

intended that the Mauritian Subsidiary will continue to benefit from the India/Mauritius Double Tax Treaty. Future changes to Mauritian or Indian law or to the India/Mauritius Double Tax Treaty, or the interpretations given to them by the regulatory authorities, could impose additional costs or obligations on the activities of the Mauritian Subsidiary, which in turn may have adverse effects on the performance of the Company. The terms of the India/Mauritius Double Tax Treaty were challenged in India but were upheld by the Supreme Court of India in October 2003. However, more recently, there have been discussions between the Indian and Mauritian authorities with regard to a re-negotiation of the Treaty. Adverse tax consequences would result if the Mauritian Subsidiary ceased to qualify for the benefits under the India/Mauritius Double Tax Treaty (for example, if it were held that the Mauritian Subsidiary was not a resident of Mauritius). There can be no assurance that the Mauritian Subsidiary will continue to qualify for or receive the benefits of the India/Mauritius Double Tax Treaty or that the terms of the India/Mauritius Double Tax Treaty will not be changed. Such an event may require the Mauritian Subsidiary to pay or provide for tax liabilities that would reduce the net asset value of the Ordinary Shares.

- Corporate Governance and Shareholder Relations: Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 19 to 23.
- Operational: Loss of key staff by JPMAM, such as the Investment Managers, could affect the performance of the Company. Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records could prevent accurate reporting and monitoring of the Company's financial position. Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included with the Internal Control section of the Corporate Governance report on pages 22 and 23.
- Financial: The financial risks faced by the Company include market price risk, interest rate risk, liability risk and credit risk. Further details are disclosed in note 18 on pages 45 to 52.
- Political and Economic: Administrative risks, such as the imposition of restrictions on the free movement of capital.

### Future Developments

Clearly, the future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments. The Investment Managers discuss the outlook in their report on page 5.

### Management of the Company

The Manager and Secretary is JPMorgan Asset Management (UK) Limited ('JPMAM'). JPMAM is employed under a contract which can be terminated on one year's notice, without penalty. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

JPMAM is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodian services to the Company.

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole. In arriving at this view, the Board considered the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from JPMAM.

### Management Fee

The Manager is remunerated at a rate of 1.2% of the Group's assets less current liabilities. Included in this is the fee payable by the Company's subsidiary JPMorgan Indian Investment Company (Mauritius) Limited which, to date, has been 0.6% of its assets less current liabilities. With effect from 1st October 2010, the fee payable by the subsidiary has been increased to 1.2% of its assets less current liabilities, however the overall rate payable by the Group remains unchanged at 1.2% of the Group's assets less current liabilities. The above fees are paid monthly in arrears.

Investments in funds managed or advised by JPMAM or any of its associated companies are excluded from the calculations and therefore attract no fee.

### Going Concern

The Directors believe that having considered the Company's investment objective (see page 14), risk management policies (see pages 45 to 52), capital management policies and procedures (see page 52), the nature of the portfolio and

# Directors' Report continued

expenditure projections that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

## Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore there are no standard payment terms. In general, the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. As at 30th September 2011, the Company had no outstanding trade creditors (2010: none).

## Directors

The Directors of the Company who held office at the end of the year, together with their beneficial interests in the Company's shares are shown below.

Ordinary shares	At 30th September 2011	At 1st October 2010
Hugh Bolland	24,000	24,000
Richard Burns	22,000	12,000
Vijay Joshi	11,640	11,640
Hugh Sandeman <sup>1</sup>	10,000	10,000
Peter Sullivan	–	–

Subscription shares	At 30th September 2011	At 1st October 2010
Hugh Bolland	–	–
Richard Burns	–	–
Vijay Joshi	–	–
Hugh Sandeman <sup>1</sup>	–	–
Peter Sullivan	–	–

<sup>1</sup>Hugh Sandeman was appointed a Director on 1st October 2010.

In accordance with corporate governance best practice, all Directors will retire by rotation at the forthcoming Annual General Meeting. Hugh Bolland, Richard Burns, Peter Sullivan and Hugh Sandeman, being eligible, offer themselves for reappointment. Vijay Joshi, having served as a Director for sixteen years does not seek reappointment.

The Nomination Committee, having considered their qualifications, performance and contribution to the Board and its Committees, confirms that each Director standing for

reappointment continues to be effective and to demonstrate commitment to the role. The Board recommends to shareholders that they be reappointed.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

## Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 418(2) of the Companies Act 2006.

## Section 992 Companies Act 2006

The following disclosures are made in accordance with Section 992 Companies Act 2006.

## Capital Structure

The Company's capital structure is summarised on the inside front cover of this report.

## Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note 15 to the Notice of Annual General Meeting on page 55.

## Notifiable Interests in the Company's Voting Rights

At the date of this report, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	%
Chase Nominees Limited <sup>1,2</sup>	15,985,129	13.6
Legal and General Investment Management	4,237,489	3.6

<sup>1</sup>Includes shares held on behalf of JPMAM Investment Account, ISA and SIPP.

<sup>2</sup>Non-beneficial.

The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreements between the Company and its directors concerning compensation for loss of office.

#### Independent Auditors

Deloitte LLP have expressed their willingness to continue in office as Auditors and a resolution to re-appoint them and authorise the Directors to determine their remuneration for the ensuing year, will be proposed at the Annual General Meeting.

#### Annual General Meeting

**NOTE: THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial advisor authorised under the Financial Services and Markets Act 2000.**

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

##### (i) Authority to issue relevant securities and disapply pre-emption rights (resolutions 9 and 10)

The Directors will seek renewal of the authority at the AGM to issue 11,813,970 new shares or shares held in Treasury other than by a pro rata issue to existing shareholders up to an aggregate nominal amount of £2,953,492, such amount being equivalent to approximately 10% of the present issued share capital. The full text of the resolutions is set out in the Notice of Meeting on page 53.

It is advantageous for the Company to be able to issue new shares to investors purchasing shares through the JPMAM savings products and also to other investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the NAV, thereby increasing the assets underlying each share and spreading the Company's administrative expenses, other than the management fee which is charged on the value

of the Company's market capitalisation, over a greater number of shares. The issue proceeds would be available for investment in line with the Company's investment policies.

##### (ii) Authority to repurchase the Company's shares (resolution 11)

The authority to repurchase up to 14.99% of the Company's issued share capital, renewed by shareholders at the 2011 Annual General Meeting, will expire on 24th July 2012 unless renewed at the forthcoming Annual General Meeting. The Directors consider that the renewal of the authority is in the interests of shareholders as a whole as the repurchase of shares at a discount to NAV enhances the NAV of the remaining shares. The Board will therefore seek shareholder approval at the Annual General Meeting to renew this authority, which will last until 30th July 2013 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on page 53. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing NAV per share, thereby enhancing the NAV of the remaining shares, as and when market conditions are appropriate.

#### Recommendation

The Board considers that resolutions 9 to 11 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do, where voting rights are exercisable, in respect of their own beneficial holdings which amount in aggregate to 67,640 shares representing approximately 0.1% of the existing issued share capital of the Company.

## Corporate Governance Statement

#### Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 25, indicates how the Company has applied the principles of good governance of the UK Corporate Governance Code and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the Combined Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the UK Corporate Governance Code and the AIC Code throughout the year under review.

# Directors' Report continued

## Role of the Board

A management agreement between the Company and JPMAM sets out the matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMAM, which is responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

## Board Composition

The Board, chaired by Hugh Bolland, consists of non-executive Directors, all of whom are considered to be independent of the Company's Manager, including the Chairman.

The Board does not feel that it would be appropriate to adopt a policy whereby Directors serve for a limited period of time, given the specialist nature of the Company's investment universe. However, in order to achieve a balance of skills, experience, length of service and ages, it is the Board's policy to induct new Directors to provide an orderly succession over time.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below. Richard Burns, the Senior Independent Director, is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

The Board is responsible for ensuring an appropriate level of corporate governance and considers that, save for the exception noted above, the Company has complied with the best practice provisions of the UK Corporate Governance Code and the AIC Code, insofar as they are relevant to the Company's business, throughout the year under review.

## Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be appointed by shareholders. Thereafter, Directors are required to submit themselves for reappointment at least every three years. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the Director to seek an additional term. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board will take into account the requirements of the UK Corporate Governance Code, including the need to refresh the Board and its Committees. The Company has adopted corporate governance best practice and all Directors will stand for annual reappointment from 2012 onwards.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting.

The Board recommends the appointment of Nimi Patel and the reappointment of all other Directors. Vijay Joshi retires as a Director at the Annual General Meeting.

## Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on pages 12 and 13. Directors who are not members of committees may attend at the invitation of the Chairman.

The table below details the number of Board, Audit Committee and Nomination Committee meetings attended by each Director. During the year there were four Board meetings, two Audit Committee meetings and one meeting of the Nomination Committee:

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination Committee Meetings Attended
Hugh Bolland	4	2	1
Richard Burns	4	2	1
Pierre Dinan <sup>1</sup>	2	1	–
Vijay Joshi	3	2	1
Hugh Sandeman	4	2	1
Peter Sullivan	4	2	1

<sup>1</sup>Retired as a Director on 28th January 2011.

### Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

The Board conducts a formal evaluation of the Manager, its own performance and of that of its committees and individual Directors. Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed at a private meeting. The evaluation of individual Directors is led by the Chairman, whilst the other Directors evaluate the performance of the Chairman himself. The Board as a whole evaluates the Manager, its own performance and that of its committees.

### Board Committees

#### Nomination Committee

The Nomination Committee, chaired by Hugh Bolland, consists of all of the Directors and meets at least annually to ensure that the Board has an appropriate balance of skills and experience to carry out its fiduciary duties and to select and propose suitable candidates for appointment when necessary.

On an annual basis each Director submits a list of potential conflicts of interest for review by the Nomination Committee. These are considered carefully, taking into account the circumstances surrounding them, and, if considered appropriate, are approved. Following the introduction of the 2010 Bribery Act, the Board has adopted appropriate procedures designed to prevent bribery.

The Committee undertakes an annual performance evaluation as described above to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

#### Audit Committee

The Audit Committee, chaired by Richard Burns and comprising of all of the Directors, meets at least twice each year. The members of the Audit Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the half year and annual accounts and the Company's compliance with the UK Corporate Governance Code. It reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, receives information from the Managers' Compliance department and reviews the scope and results of the external audit, its cost effectiveness, the balance of audit and non-audit work undertaken and the independence and objectivity of the external auditors. In the Directors' opinion the auditors are independent. The Audit Committee also has a primary responsibility for making recommendations to the Board on the re-appointment and removal of external auditors. Representatives of the Company's auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered.

Having reviewed the performance of the external auditors, the Committee considered it appropriate to recommend their reappointment. The Board supported this recommendation which will be put to shareholders at the forthcoming Annual General Meeting. The Board reviews and approves any non-audit services provided by the independent auditors and assesses the impact of any non-audit work on the ability of the auditor to remain independent.

The Directors' statement on the Company's system of internal control is set out on pages 22 and 23.

#### Terms of Reference

Both the Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available on the Company's website and for inspection on request at the Company's registered office and at the Company's Annual General Meeting.

# Directors' Report continued

## Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders four times a year by way of the annual report and accounts, the half year financial report and two interim management statements. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares.

All shareholders are encouraged to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet shareholders and answer their questions. In addition, a presentation is given by the Investment Managers who review the Company's performance. During the year the Company's brokers and the Investment Managers hold regular discussions with shareholders. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Secretary whose details are shown on page 61.

The Company's Annual Report and Accounts is published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to submit questions via the Company's website or write to the Company Secretary at the address shown on page 61.

Details of the proxy voting position on each resolution will be published on the Company website shortly after the Annual General Meeting.

## Internal Control

The UK Corporate Governance Code requires the Directors, at least annually, to review the effectiveness of the Company's system of internal control and to report to shareholders that they have done so. This encompasses a review of all controls, which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of internal control, which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve

business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided to the Company by JPMAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company (see Principal Risks on pages 16 and 17) this process, which was in place during the year under review accords with the Turnbull Guidance. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMAM which reports any material failings or weaknesses. This arrangement is kept under review.

The key elements designed to provide effective internal control are as follows:

**Financial Reporting** - Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analysis of transactions and performance comparisons.

**Management Agreement** - Appointment of a manager and custodian regulated by the Financial Services Authority (FSA), whose responsibilities are clearly defined in a written agreement.

**Management Systems** - The Managers' system of internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMAM's Compliance Department which regularly monitors compliance with FSA rules.

**Investment Strategy** - Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board, either directly or through the Audit Committee, keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- reviews the terms of the management agreement and receives regular reports from JPMAM's Compliance department;

- reviews reports on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed; and
- reviews every six months an independent report on the internal controls and the operations of JPMAM.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 30th September 2011 and to the date of approval of this Annual Report and Accounts.

During the course of its review of the system of internal control, the Board has not identified or been advised of any failings or weaknesses which it has determined to be significant.

### Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The following is a summary of JPMAM's policy statements on corporate governance, voting policy and social and environmental issues, which has been reviewed and noted by the Board.

#### Corporate Governance

*JPMAM believes that corporate governance is integral to our investment process. As part of our commitment to delivering superior investment performance to our clients, we expect and encourage the companies in which we invest to demonstrate the highest standards of corporate governance and best business practice. We examine the share structure and voting structure of the companies in which we invest, as well as the board balance, oversight functions and remuneration policy. These analyses then form the basis of our proxy voting and engagement activity.*

#### Proxy Voting

*JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable, we will vote at all of the meetings called by companies in which we are invested.*

#### Stewardship/Engagement

*JPMAM recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the introduction of the FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Code, managers should:*

- *publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;*

- *disclose their policy on managing conflicts of interest;*
- *monitor their investee companies;*
- *establish clear guidelines on how they escalate engagement;*
- *be willing to act collectively with other investors where appropriate;*
- *have a clear policy on proxy voting and disclose their voting record; and*
- *report to clients.*

*JPMAM endorses the FRC Stewardship Code for its UK investments and supports the principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients.*

#### Social & Environmental

*JPMAM believes that companies should act in a socially responsible manner. Although our priority at all times is the best economic interests of our clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within JPMAM's environmental, social and governance ('ESG') team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their industry. This analysis is then used to identify outliers which require further engagement.*

*JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our detailed approach to how we implement the principles is available on request. JPMAM is also a signatory to the Carbon Disclosure Project. JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.*

*JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website: <http://www.jpmaninvestmenttrusts.co.uk/governance>, which also sets out its approach to the seven principles of the FRC Stewardship Code, its policy relating to conflicts of interest and its detailed voting record.*

By order of the Board  
Andrew Norman, for and on behalf of  
JPMorgan Asset Management (UK) Limited,  
Secretary  
20th December 2011

# Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such. The auditors' opinion is included in their report on page 26.

With effect from 1st October 2010, the Chairman has been paid at the rate of £30,000 per annum, the Audit Committee Chairman at the rate of £25,000 per annum and the other Directors at the rate of £22,500 per annum. Prior to 1st October 2010, the Chairman, Audit Committee Chairman and the other Directors were paid at the rate of £27,500, £22,500 and £20,000 respectively.

## Directors' Remuneration (audited information)

Directors' Name	2011 £	2010 £
Hugh Bolland	30,000	27,500
Richard Burns	25,000	22,500
Pierre Dinan <sup>1</sup>	7,413	20,000
Vijay Joshi	22,500	20,000
Hugh Sandeman <sup>2</sup>	22,500	–
Peter Sullivan	22,500	20,000
<b>Total</b>	<b>129,913</b>	<b>110,000</b>

<sup>1</sup>Retired 28th January 2011.

<sup>2</sup>Appointed 1st October 2010.

The total Directors' fees of £129,913 (2010: £110,000) have been paid to Directors and no amounts (2010: nil) have been paid to third parties for making available the services of Directors.

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling those roles.

As all of the Directors are non-executive, the Board has not established a Remuneration Committee. Instead, the Nomination Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. Reviews are based on information provided by the Manager, JPMAM, and industry research carried out by third

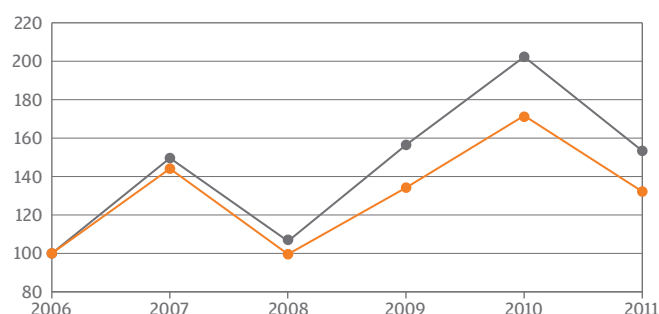
parties on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance related. The Articles stipulate that aggregate fees must not exceed £150,000 per annum. Any increase in the maximum aggregate amount requires both Board and shareholder approval.

The terms and conditions of Directors' appointments are set out in formal letters of appointment. Details of the Board's policy on tenure are set out on page 20.

The Company does not operate any type of incentive or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company. The Directors do not have service contracts and are not paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in connection with attending the Company's business.

A graph showing the Company's share price total return compared with its benchmark, the MSCI India Index expressed in sterling terms over the last five years, is shown below.

## Five Year Share Price and Benchmark Total Return Performance to 30th September 2011



Source: Morningstar/MSCI.

— Ordinary share price total return.  
— Benchmark.

The Company's benchmark is the MSCI India Index expressed in sterling. Comparison of the Company's performance is made with this benchmark. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this index and, consequently, there may be some divergence between its performance and that of the Company.

By order of the Board  
Andrew Norman, for and on behalf of  
JPMorgan Asset Management (UK) Limited,  
Secretary  
20th December 2011

# 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 the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRS as adopted by the EU. Under company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the [www.jpmindian.co.uk](http://www.jpmindian.co.uk) website, which is maintained by the Company's Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. The accounts are prepared in accordance with UK legislation, which may differ from legislation in other jurisdictions.

## Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

**Hugh Bolland**

Chairman

20th December 2011

# Independent Auditor's Report

## Independent auditor's report to the members of JPMorgan Indian Investment Trust plc

We have audited the financial statements of JPMorgan Indian Investment Trust plc for the year ended 30th September 2011 which comprise the Group Income Statement, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors' 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.

## Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30th September 2011 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulations.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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.

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

**Stuart McLaren** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London

20th December 2011

# Group Income Statement

for the year ended 30th September 2011

	Notes	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Investment income	3	7,145	–	7,145	6,249	–	6,249
Other income	3	56	–	56	24	–	24
(Losses)/gains on investments held at fair value through profit or loss	9(d)	–	(129,005)	(129,005)	–	152,711	152,711
Foreign exchange losses		–	(26)	(26)	–	(351)	(351)
<b>Total income/(loss)</b>		<b>7,201</b>	<b>(129,031)</b>	<b>(121,830)</b>	6,273	152,360	158,633
Management fee	4	(6,725)	–	(6,725)	(5,866)	–	(5,866)
Other administrative expenses	5	(1,533)	–	(1,533)	(1,615)	–	(1,615)
<b>(Loss)/profit before finance costs and taxation</b>		<b>(1,057)</b>	<b>(129,031)</b>	<b>(130,088)</b>	(1,208)	152,360	151,152
Finance costs	6	(508)	–	(508)	(312)	–	(312)
<b>(Loss)/profit before taxation</b>		<b>(1,565)</b>	<b>(129,031)</b>	<b>(130,596)</b>	(1,520)	152,360	150,840
Taxation	7	–	–	–	(172)	–	(172)
<b>Net (loss)/profit</b>		<b>(1,565)</b>	<b>(129,031)</b>	<b>(130,596)</b>	(1,692)	152,360	150,668
<b>(Loss)/earnings per Ordinary share - undiluted</b>	8	<b>(1.36)p</b>	<b>(112.20)p</b>	<b>(113.56)p</b>	(1.51)p	136.19p	134.68p
<b>(Loss)/earnings per Ordinary share - diluted</b>	8	<b>(1.32)p</b>	<b>(108.85)p</b>	<b>(110.17)p</b>	(1.46)p	131.66p	130.20p

The Group does not have any income or expense that is not included in the net profit for the year. Accordingly the 'Net (loss)/profit' for the year, is also the 'Total comprehensive income' for the year, as defined in IAS1 (revised) and no separate Statement of Comprehensive Income has been presented.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The 'Total' column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies and Venture Capital Trusts.

All income is attributable to the equity shareholders of JPMorgan Indian Investment Trust plc, the Company. There are no non-controlling interests.

The notes on pages 32 to 52 form an integral part of these accounts.

# Group and Company Statements of Changes in Equity

for the year ended 30th September 2011

	Called up share capital £'000	Share premium £'000	Other reserve £'000	Group 2011 Exercised warrant reserve £'000	Capital reserves £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2010</b>	29,051	72,861	41,929	5,886	456,651	6,362	(12,904)	<b>599,836</b>
Exercise of Subscription shares into Ordinary shares	(18)	18	–	–	–	–	–	–
Issue of Ordinary shares on conversion of Subscription shares	453	4,024	–	–	–	–	–	<b>4,477</b>
Loss for the year	–	–	–	–	(129,031)	–	(1,565)	<b>(130,596)</b>
<b>At 30th September 2011</b>	29,486	76,903	41,929	5,886	327,620	6,362	(14,469)	<b>473,717</b>

	Called up share capital £'000	Share premium £'000	Other reserve £'000	Group 2010 Exercised warrant reserve £'000	Capital reserves £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2009</b>	27,195	57,007	41,929	5,886	304,291	6,362	(11,212)	<b>431,458</b>
Exercise of Subscription shares into Ordinary shares	(77)	77	–	–	–	–	–	–
Issue of Ordinary shares on conversion of Subscription shares	1,933	15,777	–	–	–	–	–	<b>17,710</b>
Profit/(loss) for the year	–	–	–	–	152,360	–	(1,692)	<b>150,668</b>
<b>At 30th September 2010</b>	29,051	72,861	41,929	5,886	456,651	6,362	(12,904)	<b>599,836</b>

The notes on pages 32 to 52 form an integral part of these accounts.

# Group and Company Statements of Changes in Equity

for the year ended 30th September 2011

	Company 2011							Total £'000
	Called up share capital £'000	Share premium £'000	Other reserve £'000	Exercised warrant reserve £'000	Capital reserves £'000	Capital redemption reserve £'000	Revenue reserve £'000	
<b>At 30th September 2010</b>	29,051	72,861	41,929	5,886	462,446	6,362	(18,699)	<b>599,836</b>
Exercise of Subscription shares into Ordinary shares	(18)	18	–	–	–	–	–	–
Issue of Ordinary shares on conversion of Subscription shares	453	4,024	–	–	–	–	–	<b>4,477</b>
Loss for the year	–	–	–	–	(129,957)	–	(639)	<b>(130,596)</b>
<b>At 30th September 2011</b>	29,486	76,903	41,929	5,886	332,489	6,362	(19,338)	<b>473,717</b>

	Company 2010							Total £'000
	Called up share capital £'000	Share premium £'000	Other reserve £'000	Exercised warrant reserve £'000	Capital reserves £'000	Capital redemption reserve £'000	Revenue reserve £'000	
<b>At 30th September 2009</b>	27,195	57,007	41,929	5,886	308,276	6,362	(15,197)	<b>431,458</b>
Exercise of Subscription shares into Ordinary shares	(77)	77	–	–	–	–	–	–
Issue of Ordinary shares on conversion of Subscription shares	1,933	15,777	–	–	–	–	–	<b>17,710</b>
Profit/(loss) for the year	–	–	–	–	154,170	–	(3,502)	<b>150,668</b>
<b>At 30th September 2010</b>	29,051	72,861	41,929	5,886	462,446	6,362	(18,699)	<b>599,836</b>

The notes on pages 32 to 52 form an integral part of these accounts.

# Group and Company Balance Sheets

at 30th September 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
<b>Non current assets</b>					
Investments held at fair value through profit or loss	9	<b>460,324</b>	594,834	<b>468,493</b>	598,467
<b>Current assets</b>					
Other receivables	10	<b>1,946</b>	4,960	<b>21</b>	17
Cash and cash equivalents		<b>11,768</b>	4,195	<b>5,302</b>	1,493
		<b>13,714</b>	9,155	<b>5,323</b>	1,510
<b>Current liabilities</b>					
Other payables	11	<b>(321)</b>	(4,153)	<b>(99)</b>	(141)
<b>Net current assets</b>					
		<b>13,393</b>	5,002	<b>5,224</b>	1,369
<b>Total assets less current liabilities</b>					
		<b>473,717</b>	599,836	<b>473,717</b>	599,836
<b>Net assets</b>					
		<b>473,717</b>	599,836	<b>473,717</b>	599,836
<b>Equity attributable to equity holders</b>					
Called up share capital	12	<b>29,486</b>	29,051	<b>29,486</b>	29,051
Share premium	13	<b>76,903</b>	72,861	<b>76,903</b>	72,861
Other reserve	13	<b>41,929</b>	41,929	<b>41,929</b>	41,929
Exercised warrant reserve	13	<b>5,886</b>	5,886	<b>5,886</b>	5,886
Capital reserves	13	<b>327,620</b>	456,651	<b>332,489</b>	462,446
Capital redemption reserve	13	<b>6,362</b>	6,362	<b>6,362</b>	6,362
Revenue reserve	13	<b>(14,469)</b>	(12,904)	<b>(19,338)</b>	(18,699)
Total equity shareholders' funds		<b>473,717</b>	599,836	<b>473,717</b>	599,836
<b>Net asset value per Ordinary share - undiluted</b>					
	14	<b>409.7p</b>	527.0p	<b>409.7p</b>	527.0p
<b>Net asset value per Ordinary share - diluted</b>					
	14	<b>398.7p</b>	504.0p	<b>398.7p</b>	504.0p

The accounts on pages 27 to 52 were approved by the Directors and authorised for issue on 20th December 2011 and signed on its behalf by:

**Peter Sullivan**  
Director

The notes on pages 32 to 52 form an integral part of these accounts.

Company registration number: 2915926

# Group and Company Cash Flow Statements

for the year ended 30th September 2011

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
<b>Operating activities</b>				
(Loss)/profit before taxation	(130,596)	150,840	(130,596)	170,667
Add back interest	508	312	–	1
Add back losses/(gains) on investments held at fair value through profit or loss	129,005	(152,711)	129,966	(174,279)
Unrealised foreign exchange losses	–	9	–	–
Net sales/(purchases) of investments held at fair value through profit or loss	5,505	(11,747)	6	6,009
Gifted money to Subsidiary Company	–	–	–	(20,000)
(Increase)/decrease in prepayments, VAT and other receivables	(63)	20	(3)	(7)
Decrease/(increase) in amounts due from brokers	3,077	(3,319)	–	–
(Decrease)/increase in other payables	(96)	123	(41)	34
(Decrease)/increase in amounts due to brokers	(3,599)	1,699	–	–
<b>Net cash inflow/(outflow) from operating activities before interest and taxation</b>	<b>3,741</b>	<b>(14,774)</b>	<b>(668)</b>	<b>(17,575)</b>
Interest paid	(508)	(312)	–	(1)
Taxation paid	(137)	(36)	–	(1)
Net cash inflow/(outflow) from operating activities	<b>3,096</b>	<b>(15,122)</b>	<b>(668)</b>	<b>(17,577)</b>
<b>Financing activities</b>				
Net proceeds from the issue of Ordinary shares	4,477	17,710	4,477	17,710
<b>Net cash inflow from financing activities</b>	<b>4,477</b>	<b>17,710</b>	<b>4,477</b>	<b>17,710</b>
<b>Increase in cash and cash equivalents</b>	<b>7,573</b>	<b>2,588</b>	<b>3,809</b>	<b>133</b>
Cash and cash equivalents at the start of the year	4,195	1,607	1,493	1,360
<b>Cash and cash equivalents at the end of the year</b>	<b>11,768</b>	<b>4,195</b>	<b>5,302</b>	<b>1,493</b>

The notes on pages 32 to 52 form an integral part of these accounts.

# Notes to the Accounts

for the year ended 30th September 2011

## 1. Principal activity

The principal activity of the Company is that of an investment holding company within the meaning of Section 1158 of the Corporation Tax Act 2010. The principal activity of its Subsidiary Company, JPMorgan Indian Investment Company (Mauritius) Limited, is that of an investment company.

## 2. Accounting policies

### (a) Basis of accounting

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), the International Accounting Standards and Standing Interpretations Committee and interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect and to the extent that they have been adopted by the European Union.

The accounts have been prepared on the going concern basis. The disclosures on going concern in the Directors' Report on page 17 and 18 form part of these financial statements. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The policies applied in these accounts are consistent with those applied in the preceding year. In November 2009, the IASB issued IFRS 9, 'Financial Instruments', effective for periods beginning on or after 1st January 2013. Early adoption is currently not permitted. This is the first instalment of a phased replacement of the existing standard IAS 39, 'Financial Instruments'. This standard may be relevant to the Group and Company financial statements and the Board is currently assessing any impact.

The Company's share capital is denominated in sterling and this is the currency in which its shareholders operate and expenses are generally paid. The Directors have therefore determined the functional currency to be sterling.

### (b) Basis of consolidation

The Group accounts incorporate the accounts of the Company and its wholly owned subsidiary JPMorgan Indian Investment Company (Mauritius) Limited. Intra group balances are eliminated on consolidation.

### (c) Presentation of the Income Statement

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 Income Statement between items of a revenue nature and a capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

The Company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006, and omitted the Company's profit and loss account from the annual accounts.

**(d) Investments held at fair value through profit or loss**

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within a timeframe established by the market concerned.

Investments are designated upon initial recognition as 'held at fair value through profit or loss'. At subsequent reporting dates investments are valued at fair values which are quoted bid market prices for investments traded in active markets. Fair values for unquoted investments, or for investments for which there is only an inactive market, are established by using various valuation techniques. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same or discounted cash flow analysis or net asset value. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is used.

Changes in the fair value of investments 'held at fair value through profit or loss' and gains or losses on disposal are included in the capital column of the Income Statement within 'Gains or losses on investments held at fair value through profit or loss'. Transaction costs incurred on the acquisition and disposal of investments are also included within this caption.

Gains and losses on sales of investments, increases and decreases in the valuation of investments held at the year end, foreign exchange gains and losses and other capital receipts and payments are dealt with in capital reserves.

**(e) Income**

Dividends receivable from equity shares are included in the revenue column of the Income Statement on an ex-dividend basis except where, in the opinion of the Directors, the dividend is capital in nature, in which case it is included in the capital column.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Deposit interest receivable is included in the revenue column on an accruals basis.

**(f) Expenses**

All expenses and interest payable are accounted for on an accruals basis. All administration expenses, including the management fee and interest payable, are charged to the revenue column of the Income Statement.

**(g) Financial instruments**

Cash and cash equivalents may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Other receivables are non interest bearing, short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Interest bearing bank loans are recorded at the proceeds received net of direct issue costs. Other payables are non interest bearing, short term in nature and are accordingly stated at nominal value.

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method.

Derivative financial instruments are valued at fair value and are included in current assets or current liabilities in the balance sheet in accordance with IAS 39: 'Financial instruments: recognition and measurement'.

# Notes to the Accounts continued

## 2. Accounting policies continued

### (h) 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 Income Statement 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is more likely than not that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that, on the balance of probabilities, it is not likely that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### (i) Foreign currency

For the purpose of the consolidated financial statements, the results and financial position of both entities in the Group are expressed in sterling which is the functional currency of the Company and the presentational currency of the Group.

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains or losses arising on retranslation are included in net profit or loss for the year and presented as revenue or capital as appropriate.

### (j) Value Added Tax (VAT)

Irrecoverable VAT is included in the expense on which it has been suffered. Recoverable VAT is calculated using the partial exemption method based on the proportion of zero rated supplies to total supplies.

### (j) Conversion of Subscription shares

When the holders of Subscription shares exercise their right to convert their shares into Ordinary shares, the nominal value of those Subscription shares is transferred to the credit of share premium. The nominal value of the Ordinary shares into which the Subscription shares convert is credited to called up share capital and the balance of the consideration received is credited to share premium.

## Group

	2011 £'000	2010 £'000
<b>3. Income</b>		
<b>Investment income</b>		
Dividends from investments listed overseas	7,145	6,249
<b>Other income</b>		
Deposit interest	56	24
Total income	7,201	6,273

## Group

	2011 £'000	2010 £'000
<b>4. Management fee</b>	6,725	5,866

Details of the management fee are given in the Directors' Report on page 17.

## Group

	2011 £'000	2010 £'000
<b>5. Other administrative expenses</b>		
Other administration expenses	1,108	1,289
Directors' fees <sup>1</sup>	144	120
Savings scheme costs <sup>2</sup>	225	153
Auditors' remuneration for audit services <sup>3</sup>	48	42
Auditors' remuneration for all other services	8	11
	1,533	1,615

<sup>1</sup>Directors' fees include £14,000 (2010: £10,000) payable to the Directors of JPMorgan Indian Investment Company (Mauritius) Limited.

<sup>2</sup>These fees were payable to JPMAM for the marketing and administration of savings scheme products.

<sup>3</sup>Auditors' remuneration includes £20,000 (2010: £16,000) payable to Lamusse Sek Sum & Co., the auditor of the Subsidiary Company.

## Group

	2011 £'000	2010 £'000
<b>6. Finance costs</b>		
Interest on bank loans repayable within one year	508	312

# Notes to the Accounts continued

## 7. Taxation

### (a) Taxation on ordinary activities

	2011 £'000	Group 2010 £'000
UK corporation tax at 27% (2010: 28%)	–	–
Overseas taxation	–	172
Current tax	–	172

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

The tax charge for the year is higher (2010: lower) than the Company's applicable rate of corporation tax for the year of 27% (2010: 28%). The difference is explained below.

	2011 £'000	Group 2010 £'000
(Loss)/profit before taxation	(130,596)	150,840
Corporation tax at 27% (2010: 28%)	(35,261)	42,235
Effects of:		
Non taxable capital losses/(gains)	34,838	(42,661)
Deferred tax asset not recognised	458	426
Non taxable overseas dividends	(35)	–
Overseas taxation	–	172
Current tax	–	172

### (c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or prior year. Neither the Company nor its Subsidiary have provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments as they are exempt from tax on these items due to their status as Investment Companies.

### (d) Factors that may affect future tax charges

The Company has an unrecognised deferred tax asset of £4,682,000 (2010: £4,849,000) based on a prospective corporation tax rate of 25% (2010: 27%). The reduction in the standard rate of corporation tax was substantively enacted on 5th July 2011 and is effective from 1st April 2012. The deferred tax asset has arisen because cumulative deductible expenses have exceeded taxable income over the life of the Company. This asset may be utilised in future years where there is an excess of taxable income over deductible expenses. A deferred tax asset has not been recognised in the accounts as it is not likely that this asset will be utilised in the foreseeable future.

Deferred tax for the Subsidiary is calculated at the applicable tax rate enacted by the balance sheet date of 15% (2010: 15%).

## Group

	2011 £'000	2010 £'000
<b>8. (Loss)/earnings per Ordinary share</b>		
(Loss)/earnings per Ordinary share is based on the following:		
Revenue loss	(1,565)	(1,692)
Capital (loss)/return	(129,031)	152,360
Total (loss)/return	(130,596)	150,668
Weighted average number of Ordinary shares in issue during the year used for the purpose of the undiluted calculation	114,998,087	111,875,619
Weighted average number of Ordinary shares in issue during the year used for the purpose of the diluted calculation	118,541,866	115,720,226
<b>Undiluted</b>		
Revenue loss per share	(1.36)p	(1.51)p
Capital (loss)/return per share	(112.20)p	136.19p
Total (loss)/return per share	(113.56)p	134.68p
<b>Diluted</b>		
Revenue loss per share	(1.32)p	(1.46)p
Capital (loss)/return per share	(108.85)p	131.66p
Total (loss)/return per share	(110.17)p	130.20p

The diluted (loss)/earnings per Ordinary share represents the (loss)/earnings on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the year as adjusted in accordance with the requirements of IAS 33, 'Earnings per Share'.

# Notes to the Accounts continued

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

### (a) Group and Company

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Investments listed on a recognised stock exchange	460,324	594,834	3,984	4,569
Investment in Subsidiary held at fair value	–	–	464,509	593,898
Total investments held at fair value through profit or loss	460,324	594,834	468,493	598,467

	Group 2011 Listed £'000	Company 2011 Listed £'000
Opening book cost	331,962	650
Opening investment holding gains	262,872	3,919
Opening valuation	594,834	4,569
Movements in the year:		
Purchases at cost	144,608	151
Sales - proceeds	(150,181)	(159)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(32,705)	8
Net movement in investment holding gains and losses	(96,232)	(585)
Closing valuation	460,324	3,984
Closing book cost	352,544	650
Closing investment holding gains	107,780	3,334
Closing valuation	460,324	3,984

### (b) Transaction costs

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Transaction costs on purchases	501	621	–	7
Transaction costs on sales	482	518	–	4
	983	1,139	–	11

The above costs comprise mainly brokerage commission.

**(c) Investment in Subsidiary**

	2011 £'000	Company 2010 £'000
Historic cost of investment in Subsidiary <sup>1</sup>	70,848	70,848
Opening cumulative gifts to Subsidiary	79,637	59,637
Opening cumulative holding gains	443,413	292,982
Opening valuation	593,898	423,467
Gifted money to Subsidiary	–	20,000
Net movement in investment holding gains and losses	(129,389)	150,431
Closing valuation	464,509	593,898

<sup>1</sup>The historic cost of the investment in the Subsidiary represents the cost of the ordinary shares and warrants subscribed on its incorporation in 1994.

The Company owns 100% of the ordinary share capital of its Subsidiary Company JPMorgan Indian Investment Company (Mauritius) Limited, an investment company registered in Mauritius.

**(d) (Losses)/gains on investments held at fair value through profit or loss**

	2011 £'000	Group 2010 £'000
Gains on investments held at fair value through profit or loss based on historical cost	26,155	56,529
Amounts recognised as investment holding gains in the previous year in respect of investments sold during the year	(58,860)	(45,252)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(32,705)	11,277
Net movement in investment holding gains and losses	(96,232)	141,481
Other capital charges	(68)	(47)
Total (losses)/gains on investments held at fair value through profit or loss	(129,005)	152,711

# Notes to the Accounts continued

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>10. Current assets</b>				
<b>Other receivables</b>				
Securities sold awaiting settlement	1,746	4,823	–	–
Prepayments and accrued income	200	137	21	17
	<b>1,946</b>	<b>4,960</b>	<b>21</b>	<b>17</b>

The Directors consider that the carrying amount of other receivables approximates to their fair value.

## Cash and cash equivalents

Cash and cash equivalents comprises bank balances and short term bank deposits held by the Group. The carrying amount of these represents their fair value. Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest.

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>11. Current liabilities</b>				
<b>Other payables measured at amortised cost</b>				
Securities purchased awaiting settlement	–	3,599	–	–
Taxation payable	–	137	–	–
Other creditors and accruals	321	417	99	141
	<b>321</b>	<b>4,153</b>	<b>99</b>	<b>141</b>

The Directors consider that the carrying amount of other payables approximates to their fair value.

	2011 £'000	2010 £'000
<b>12. Called up share capital</b>		
<b>Allotted and fully-paid share capital</b>		
<b>Ordinary shares of 25p each</b>		
Opening balance of 113,812,663 (2010: 106,081,176) Ordinary shares excluding shares held in Treasury	28,453	26,520
Issue of 1,812,659 (2010: 7,731,487) Ordinary shares on conversion of Subscription shares	453	1,933
Sub total	28,906	28,453
1,979,788 (2010: 1,979,788) Ordinary shares held in Treasury	495	495
Closing balance <sup>1</sup>	29,401	28,948
<b>Subscription shares of 1p each</b>		
Opening balance of 10,221,092 (2010: 17,952,579) Subscription shares	103	180
Conversion of 1,812,659 (2010: 7,731,487) Subscription shares into Ordinary shares	(18)	(77)
Closing balance <sup>2</sup>	85	103

<sup>1</sup>Comprises 117,605,110 (2010: 115,792,451) Ordinary shares of 25p each including 1,979,788 (2010: 1,979,788) shares held in Treasury. During the year 1,812,659 Ordinary shares were issued following the exercise of Subscription shares and the details of this are given in footnote 2 below.

<sup>2</sup>Comprises 8,408,433 (2010: 10,221,092) Subscription shares of 1p each. The Subscription shares were issued as a bonus issue to the Ordinary shareholders on 5th November 2008 on the basis of one Subscription share for every five Ordinary shares held. During the year, holders of 1,812,659 Subscription shares exercised their right to convert those shares into Ordinary shares for a total consideration of £4,477,000. Each Subscription share confers the right to subscribe for one Ordinary share during the period up to and including 2nd January 2014, after which the rights under the Subscription shares will lapse. Future conversion prices available are as follows:

- (a) if exercised on any day up to and including 2nd January 2012 - 247 pence; and
- (b) if exercised on any day between and including 3rd January 2012 and 2nd January 2014 - 291 pence.

### 13. Reserves

	Group					
	Share premium £'000	Other reserve <sup>1</sup> £'000	Exercised warrant reserve £'000	Capital reserves <sup>2</sup> £'000	Capital redemption reserve £'000	Revenue reserve £'000
Opening balance	72,861	41,929	5,886	456,651	6,362	(12,904)
Losses on sales of investments based on the carrying value at the previous balance sheet date	-	-	-	(32,705)	-	-
Net movement in investment holding gains and losses	-	-	-	(96,232)	-	-
Exercise of Subscription shares into Ordinary shares	18	-	-	-	-	-
Issue of Ordinary shares on conversion of Subscription shares	4,024	-	-	-	-	-
Other capital charges	-	-	-	(68)	-	-
Net losses on foreign currency transactions	-	-	-	(26)	-	-
Retained revenue loss for the year	-	-	-	-	-	(1,565)
Closing balance	76,903	41,929	5,886	327,620	6,362	(14,469)

<sup>1</sup>The 'Other reserve' was formerly share premium which was cancelled for the purpose of financing share buybacks.

<sup>2</sup>Capital reserves comprise gains and losses on sales of investments and holding gains and losses on investments held at the year end. Net holding gains on investments held at the year end amounted to £107,780,000.

# Notes to the Accounts continued

## 13. Reserves continued

	Company					
	Share premium £'000	Other reserve <sup>1</sup> £'000	Exercised warrant reserve £'000	Capital reserves <sup>2</sup> £'000	Capital redemption reserve £'000	Revenue reserve £'000
Opening balance	72,861	41,929	5,886	462,446	6,362	(18,699)
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	8	–	–
Net movement in investment holding gains and losses	–	–	–	(129,974)	–	–
Exercise of Subscription shares into Ordinary shares	18	–	–	–	–	–
Issue of Ordinary shares on conversion of Subscription shares	4,024	–	–	–	–	–
Net gains on foreign currency transactions	–	–	–	9	–	–
Retained revenue loss for the year	–	–	–	–	–	(639)
Closing balance	76,903	41,929	5,886	332,489	6,362	(19,338)

<sup>1</sup>The 'Other reserve' was formerly share premium which was cancelled for the purpose of financing share buybacks.

<sup>2</sup>Capital reserves comprise gains and losses on sales of investments and holding gains and losses on investments held at the year end. Net holding gains on investments held at the year end amounted to £3,334,000.

	2011	2010
<b>14. Net asset value per Ordinary share</b>		
<b>Undiluted</b>		
Ordinary shareholders funds (£'000)	473,717	599,836
Number of Ordinary shares in issue excluding shares held in Treasury	115,625,322	113,812,663
Net asset value per Ordinary share (pence)	409.7	527.0
<b>Diluted</b>		
Ordinary shareholders funds assuming exercise of Subscription shares (£'000)	494,486	625,082
Number of potential Ordinary shares in issue excluding shares held in Treasury	124,033,755	124,033,755
Net asset value per Ordinary share (pence)	398.7	504.0

The diluted net asset value per Ordinary share assumes that all outstanding Subscription shares were converted into Ordinary shares at the year end. The Company will only re-issue shares held in Treasury at a premium and therefore these shares have no dilutive potential.

## 15. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2010: £nil).

## 16. Transactions with the Manager

Details of the management contract are set out in the Investment Managers' Report on page 17. The management fee payable to JPMorgan Asset Management Limited (JPMAM) by the Group and Company for the year was £6,725,000 and £91,000 respectively (2010: £5,866,000 and £2,993,000 respectively) of which nil (2010: nil) was outstanding in both the Group's and Company's accounts at the year end. In addition £225,000 (2010: £153,000) was payable by the Group and Company to JPMAM for the marketing and administration of savings scheme products of which nil (2010: nil) was outstanding in both the Group's and Company's accounts at the year end.

Included in other administration expenses in note 5 on page 35 are safe custody fees payable to JPMorgan Chase as custodian of the Group and Company amounting to £771,000 and £9,000 respectively (2010: £931,000 and £9,000 respectively) of which £189,000 and £2,000 respectively (2010: £242,000 and £2,000 respectively) was outstanding at the year end.

JPMAM carries out some of its dealing transactions through Group subsidiaries. These transactions are carried out at arms' length. The commission payable to JPMorgan Securities for the year by the Group and Company was £22,000 and nil respectively (2010: £35,000 and nil respectively) of which nil (2010: nil) was outstanding in both the Group's and Company's accounts at the year end.

Handling charges payable on dealing transactions undertaken by overseas sub custodians on behalf of the Group and Company amounted to £68,000 and nil respectively (2010: £47,000 and nil respectively) of which £5,000 and nil respectively (2010: £11,000 and nil respectively) was outstanding at the year end.

At the year end, the Group and Company held bank balances of £11,768,000 and £5,302,000 respectively (2010: £4,195,000 and £1,493,000 respectively), with JPMorgan Chase which was placed on deposit with an approved list of banks.

Interest amounting to £56,000 and £10,000 was receivable by the Group and Company respectively (2010: £24,000 and £9,000 respectively) during the year from JPMorgan Chase of which £1,000 (2010: nil) was outstanding in both the Group's and Company's accounts at the year end.

## 17. Disclosures regarding financial instruments measured at fair value

The disclosures required by the amendment to IFRS 7: 'Improving Disclosures about Financial Instruments' are given below. The Group and Company financial instruments within the scope of IFRS 7 that are held at fair value comprise their investment portfolios.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 - valued using quoted prices in active markets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. Details of the valuation techniques used by the Company are given in note 2(d) on page 33.

# Notes to the Accounts continued

## 17. Disclosures regarding financial instruments measured at fair value continued

The following table sets out the fair value measurements using the IFRS 7 hierarchy at 30th September:

	Group 2011			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets held at fair value through profit or loss</b>				
Equity investments	460,323	–	1	460,324
Total	460,323	–	1	460,324

	Group 2010			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets held at fair value through profit or loss</b>				
Equity investments	594,833	–	1	594,834
Total	594,833	–	1	594,834

	Company 2011			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets held at fair value through profit or loss</b>				
Equity investments	3,984	464,508	1	468,493
Total	3,984	464,508	1	468,493

	Company 2010			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
<b>Financial assets held at fair value through profit or loss</b>				
Equity investments	4,569	593,897	1	598,467
Total	4,569	593,897	1	598,467

There have been no transfers between Levels 1, 2 or 3 during the current or comparative year. The holding in Level 3 comprises one unquoted investment. There have been no purchases or sales of this stock and the fair value has remained unchanged in the current and comparative year.

## 18. Financial instruments' exposure to risk and risk management policies

The Company is an investment trust and its wholly owned subsidiary is an investment company and they both invest in equities and other securities for the long term so as to secure the investment objective stated on the 'Features' page. In pursuing the objective, the Group is exposed to a variety of risks that could result in a reduction in net assets or a reduction in profits. These risks include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Company Secretary, in close cooperation with the Board and the Manager, coordinates the Group's risk management strategy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Group's financial instruments may comprise the following:

- investments in equity shares of Indian companies and other securities which are held in accordance with the investment objective;
- short term receivables, payables and cash arising directly from its operations; and
- a credit facility for the purpose of raising finance for the Company's operations and providing leveraged returns for the Company's shareholders.

### (a) Market risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks, and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

#### (i) Currency risk

Certain of the Group's assets, liabilities and income are denominated in currencies other than sterling, which is the Company's functional currency and the presentational currency of the Group. As a result, movements in exchange rates may affect the sterling value of those items.

#### Management of currency risk

The Manager monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's net asset value and income of a movement in the rates of exchange to which the Group's assets, liabilities, income and expenses are exposed. Income denominated in foreign currencies is converted to sterling on receipt. The Group may use short term forward currency contracts to manage working capital requirements.

# Notes to the Accounts continued

## 18. Financial instruments' exposure to risk and risk management policies continued

### (a) Market risk continued

#### (i) Currency risk continued

##### Foreign currency exposure

The fair value of the Group's and Company's monetary items that have foreign currency exposure at 30th September are shown below. Where equity investments, which are not monetary items, are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	Group At 30th September 2011			Company At 30th September 2011		
	Indian Rupees £'000	US\$ £'000	Total £'000	Indian Rupees £'000	US\$ £'000	Total £'000
Current assets	115	1,224	1,339	–	1,180	1,180
Foreign currency exposure to net monetary items	115	1,224	1,339	–	1,180	1,180
Equity investments held at fair value	456,340	3,984	460,324	–	3,984	3,984
Total net foreign currency exposure	456,455	5,208	461,663	–	5,164	5,164

	Group At 30th September 2010			Company At 30th September 2010		
	Indian Rupees £'000	US\$ £'000	Total £'000	Indian Rupees £'000	US\$ £'000	Total £'000
Current assets	5,070	1,212	6,282	–	1,162	1,162
Creditors	(3,771)	–	(3,771)	–	–	–
Foreign currency exposure to net monetary items	1,299	1,212	2,511	–	1,162	1,162
Equity investments held at fair value	590,265	4,569	594,834	–	4,569	4,569
Total net foreign currency exposure	591,564	5,781	597,345	–	5,731	5,731

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

##### Foreign currency sensitivity

The following tables illustrate the sensitivity of profit after taxation for the year and net assets with regard to the monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on monetary currency financial instruments held at each balance sheet date and assumes a 10% (2010: 10%) appreciation or depreciation in sterling against the Indian Rupee and US Dollar and the income receivable in foreign currency to which the Group and Company are exposed, which is deemed a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Income statement return after taxation				
Revenue return	715	625	13	622
Capital return	134	251	118	116
Total return after taxation for the year	849	876	131	738
Net assets	849	876	131	738

Conversely if sterling had strengthened by 10% this would have had the following effect:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Income statement return after taxation				
Revenue return	(715)	(625)	(13)	(622)
Capital return	(134)	(251)	(118)	(116)
Total return after taxation for the year	(849)	(876)	(131)	(738)
Net assets	(849)	(876)	(131)	(738)

In the opinion of the Directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole year. The sensitivity with regard to the Group's and Company's investments and foreign currency is subsumed into other price risk sensitivity on page 50.

## (ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate cash borrowings.

### Management of interest rate risk

The Group does not normally hold significant cash balances. Short term borrowings are used when required. The Group may finance part of its activities through borrowings at levels approved and monitored by the Board. The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Subsidiary borrows on its loan facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

# Notes to the Accounts continued

## 18. Financial instruments' exposure to risk and risk management policies continued

### (a) Market risk continued

#### (ii) Interest rate risk continued

##### Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below.

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Exposure to floating interest rates				
Cash and cash equivalents	<b>11,768</b>	4,195	<b>5,302</b>	1,493
Total exposure	<b>11,768</b>	4,195	<b>5,302</b>	1,493

Interest receivable on cash balances is at a margin below LIBOR.

During the year, the Subsidiary arranged a new US\$50 million floating rate credit facility with ING Bank N.V., which expires in February 2012. Under the terms of the new agreement, the Subsidiary may borrow up to US\$50 million, or its sterling equivalent, at an interest rate of LIBOR as offered in the market for the relevant currency and loan period plus a margin of 2.2% per annum plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements. The most restrictive covenant for this facility states that the total borrowings of the Subsidiary shall not exceed 20% of the Subsidiary's total assets at any time. This facility has been utilised during the year but was undrawn at the year end. The preceding facility was utilised during the comparative year but was undrawn at the comparative year end.

The exposure to floating interest rates has fluctuated during the year as follows:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Minimum credit/maximum debit interest rate exposure - net cash/(loan) balances	<b>3,944</b>	(283)	<b>1,493</b>	1,168
Maximum credit interest rate exposure to floating rates - net cash balances	<b>34,905</b>	24,139	<b>5,302</b>	8,169

##### Interest rate sensitivity

The following table illustrates the sensitivity of profit after taxation for the year and net assets to a 1% (2010: 1%) increase or decrease in interest rate in regards to monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the monetary financial instruments held at the balance sheet date, with all other variables held constant.

Effect of a 1% increase in interest rate:

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Income statement - return after taxation				
Revenue return	118	53	42	15
Total return after taxation for the year and net assets	118	53	42	15

Effect of a 1% decrease in interest rate:

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Income statement - return after taxation				
Revenue return	(118)	(53)	(42)	(15)
Total return after taxation for the year and net assets	(118)	(53)	(42)	(15)

In the opinion of the Directors, the above sensitivity analysis may not be representative of the whole year as the level of exposure to floating interest rates may fluctuate.

### (iii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk or currency risk, which may affect the value of investments.

#### Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

#### Other price risk exposure

The exposure to changes in market prices at 30th September comprises holdings in equity investments as follows:

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Equity investments held at fair value through profit or loss	460,324	468,493	594,834	598,467

The above data is broadly representative of the exposure to other price risk during the current and comparative year.

# Notes to the Accounts continued

## 18. Financial instruments' exposure to risk and risk management policies continued

### (a) Market risk continued

#### (iii) Other price risk continued

##### Concentration of exposure to other price risk

An analysis of the Group's investments is given on page 10. This shows that the investments' value is entirely in India. Accordingly there is a concentration of exposure to that country. However it should be noted that an investment may not necessarily be wholly exposed to the economic conditions in its country of domicile.

##### Other price risk sensitivity

The following table illustrates the sensitivity of profit after taxation for the year and net assets to an increase or decrease of 10% (2010: 10%) in the fair value of equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on equity investments and adjusting for change in the management fee, but with all other variables held constant.

Effect of a 10% increase in fair value:

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Income statement - return after taxation				
Revenue return	(552)	(562)	(713)	(717)
Capital return	46,032	46,849	59,483	59,847
Total return after taxation and net assets	45,480	46,287	58,770	59,130

Effect of a 10% decrease in fair value:

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Income statement - return after taxation				
Revenue return	552	562	713	717
Capital return	(46,032)	(46,849)	(59,483)	(59,847)
Total return after taxation and net assets	(45,480)	(46,287)	(58,770)	(59,130)

### (b) Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

#### Management of the risk

Liquidity risk is not significant as the Group's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. The Board's policy is to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities and working capital requirements. A bank loan facility is used to gear the Group as appropriate. Details of the current facility are given in part (a)(ii) to this note on page 48.

### Liquidity risk exposure

Contractual maturities of the financial liabilities at the year end, based on the earliest date on which payment can be required by the lender are as follows:

	2011			
	Group		Company	
	Less than three months £'000	Total £'000	Less than three months £'000	Total £'000
Other payables				
Other creditors and accruals	321	321	99	99
	321	321	99	99

	2010			
	Group		Company	
	Less than three months £'000	Total £'000	Less than three months £'000	Total £'000
Other payables				
Securities purchased awaiting settlement	3,599	3,599	–	–
Taxation payable	137	137	–	–
Other creditors and accruals	417	417	141	141
	4,153	4,153	141	141

### (c) Credit risk

Credit risk is the risk that the counterparty to a transaction fails to discharge its obligations under that transaction which could result in a loss to the Group.

#### Management of credit risk

##### *Portfolio dealing*

The Company invests in markets that operate DVP (Delivery Versus Payment) settlement. The process of DVP mitigates the risk of losing the principal of a trade during the settlement process. The Manager continuously monitors dealing activity to ensure best execution, a process that involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparty lists are maintained and adjusted accordingly.

##### *Cash*

Counterparties are subject to daily credit analysis by the Manager and trades can only be placed with counterparties that have a minimum rating of A1/P1 from Standard & Poor's and Moody's respectively.

##### *Exposure to JPMorgan Chase*

JPMorgan Chase is the custodian of the Company's assets. The custody agreement grants a general lien over the securities credited to the securities account. The Company's assets are segregated from JPMorgan Chase's own trading assets. Therefore, in the event that JPMorgan Chase were to cease trading, these assets would be protected. However, no absolute guarantee can be given to investors on the protection of all assets of the Group.

#### Credit risk exposure

The amounts shown in the balance sheet under other receivables, cash and cash equivalents represent the maximum exposure to credit risk at the current and comparative year ends.

Cash and cash equivalents comprise balances held at banks that have a minimum rating of A1/P1 (2010: A1/P1) from Standard & Poor's and Moody's respectively.

# Notes to the Accounts continued

## 18. Financial instruments' exposure to risk and risk management policies continued

### (d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either included in the balance sheet at fair value or the carrying amount in the balance sheet is a reasonable approximation of fair value.

## 19. Capital management policies and procedures

The Company's capital comprises the following:

	2011 £'000	2010 £'000
Equity		
Share capital	29,486	29,051
Reserves	444,231	570,785
Total capital	473,717	599,836

The capital management objectives are to ensure that the Group will continue as a going concern and to optimise capital return to the Company's equity shareholders. Gearing is permitted up to a maximum level of 15% of shareholders' funds.

	2011		2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments	460,324	468,493	594,834	598,467
Total equity shareholders' funds	473,717	473,717	599,836	599,836
Gearing	97.2%	98.9%	99.2%	99.8%

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 into account the Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in Treasury, which takes into account the share price discount or premium; and
- the need for issues of new shares, including issues from Treasury.

## 20. Business and geographical segments

The Directors are of the opinion that the Group is engaged in a single segment of business of investing in equity and equity related securities of companies operating and generating revenue in India.

## 21. Post balance sheet event

At the end of the year, notice was received from the holders of 313,528 Subscription shares who wished to exercise their right to subscribe for Ordinary shares at a price of 247 pence per share. The new Ordinary shares were duly allotted in October 2011 and therefore this transaction has not been included in these accounts prepared as at 30th September 2011.

If the above transaction had been brought into account, the undiluted net asset value per Ordinary share would be 409.3 pence per share compared with 409.7 pence per share disclosed in these accounts. The diluted net asset value per Ordinary share would remain unchanged.

# Notice of Annual General Meeting

Notice is hereby given that the eighteenth Annual General Meeting of JPMorgan Indian Investment Trust plc will be held at Trinity House, Tower Hill, London EC3N 4DH on Tuesday, 31st January 2012 at 12 noon for the following purposes:

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th September 2011.
2. To approve the Directors' Remuneration Report for the year ended 30th September 2011.
3. To appoint Nimi Patel as a Director of the Company.
4. To reappoint Hugh Bolland as a Director of the Company.
5. To reappoint Richard Burns as a Director of the Company.
6. To reappoint Hugh Sandeman as a Director of the Company.
7. To reappoint Peter Sullivan as a Director of the Company.
8. To reappoint Deloitte LLP as Auditors to the Company and to authorise the Directors to agree their remuneration.

## Special Business

To consider the following resolutions:

### Authority to allot relevant securities – Ordinary Resolution

9. THAT in substitution for all previous authorities the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £2,953,492 or, if less, 10% of the total ordinary share capital in issue immediately preceding the passing of this resolution such authority to expire on the conclusion of the Annual General Meeting in 2013, unless previously revoked, varied or extended by the Company in general meeting.

### Authority to disapply pre-emption rights – Special Resolution

10. That subject to the passing of Resolution 6 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Companies Act 2006 to allot (within the meaning of Section 560(1) of the Act) equity securities (within the meaning of Section 560(1) of the Act) wholly for cash as if Section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment (within the meaning of Section 551 of the Act) of equity securities (including any issue of shares for cash out of treasury) for cash up to an aggregate nominal amount of £2,953,492, representing approximately 10% of the Company's total ordinary share capital in issue as at the date of the passing of this resolution and shall expire on the conclusion of the Annual General Meeting of the Company

to be held in 2013, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

### Authority to repurchase the Company's shares – Special Resolution

11. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693 of the Act) of its issued ordinary shares and subscription shares.

PROVIDED ALWAYS THAT

- (i) the maximum number of ordinary shares and subscription shares hereby authorised to be purchased shall be 17,709,150 or 1,180,275 respectively or if different, that number of ordinary shares or subscription shares which is equal to 14.99% of the Company's issued share capital of the relevant share class as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for an ordinary share and subscription share shall be 25 pence and 1 pence respectively;
- (iii) the maximum price which may be paid for a share shall be an amount equal to: (a) 105% of the average of the middle market quotations for the share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or (b) the price of the last independent trade; or (c) the highest current independent bid;
- (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors);
- (v) the authority hereby conferred shall expire on 30 July 2013 unless the authority is renewed at the Company's Annual General Meeting in 2013 or at any other general meeting prior to such time; and
- (vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

By order of the Board  
Andrew Norman, for and on behalf of  
JPMorgan Asset Management (UK) Limited,  
Secretary  
20th December 2011

# Notice of Annual General Meeting continued

## Notes

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member entitled to attend and vote at the Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Meeting. A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Details of how to appoint the Chairman or another person(s) as your proxy or proxies using the proxy form are set out in the notes to the proxy form. If a voting box on the proxy form is left blank, the proxy or proxies will exercise his/their discretion both as to how to vote and whether he/they abstain(s) from voting. Your proxy must attend the Meeting for your vote to count. Appointing a proxy or proxies does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. Any instrument appointing a proxy, to be valid, must be lodged in accordance with the instructions given on the proxy form.
4. You may change your proxy instructions by returning a new proxy appointment. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the other or others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
5. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members as at 6.00 p.m. two working days prior to the Meeting (the 'specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members as at 6.00 p.m. two working days prior to the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote at the meeting or adjourned meeting.
6. Entry to the Meeting will be restricted to shareholders and their proxy or proxies, with guests admitted only by prior arrangement.
7. A corporation, which is a shareholder, may appoint an individual(s) to act as its representative(s) and to vote in person at the Meeting (see instructions given on the proxy form). In accordance with the provisions of the Companies Act 2006, each such representative(s) may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
8. Members that satisfy the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) 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 AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous AGM; which the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website pursuant to this right.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting or if it would involve the disclosure of confidential information.
10. Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Meeting; and/or (ii) 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 at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. A request made pursuant to this right may be in had copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than the date that is six clear weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

11. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
12. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.jpmindian.co.uk](http://www.jpmindian.co.uk).
13. The register of interests of the Directors and connected persons in the share capital of the Company and the Directors' letters of appointment are available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted). It will also be available for inspection at the Annual General Meeting. No Director has any contract of service with the Company.
14. You may not use any electronic address provided in this Notice of meeting to communicate with the Company for any purposes other than those expressly stated.
15. As at 19th December 2011 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 118,139,766 Ordinary shares, carrying one vote each and 7,873,777 Subscription shares with no voting rights. Therefore the total voting rights in the Company are 115,864,978 (the 2,274,788 Ordinary shares held in Treasury, do not carry voting rights).
16. As an alternative to completing a hardcopy Form of Proxy, you can appoint a proxy or proxies electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk). Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 12.00 Noon on Friday, 27th January 2012.

**Electronic appointment - CREST members**

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 using the procedures described in the CREST Manual. See further instructions on the proxy form.

# Glossary of Terms and Definitions

## **Portfolio Return net of Fees and Expenses**

Return on net assets, that is net of management fee and administration expenses, but excluding the effect of Subscription shares which have converted during the year and the dilutive impact of Subscription shares in issue at the year end.

## **Benchmark Return**

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time the shares were quoted ex-dividend. The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not 'track' this index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

## **Diluted Net Asset Value ('NAV') per Ordinary Share**

The diluted NAV per Ordinary share assuming that all outstanding dilutive Subscription shares were converted into Ordinary shares at the year end.

## **Diluted Return on Net Assets**

Return on the diluted net asset value per Ordinary share, on a bid value to bid value basis.

## **Undiluted Return on Net Assets**

Return on the undiluted net asset value per Ordinary share, on a bid value to bid value basis.

## **Return to Ordinary Shareholders**

Total return to the Ordinary shareholder on a mid-market price to mid-market price basis.

## **Actual Gearing Factor**

Investments expressed as a percentage of total equity shareholders' funds. This shows the effect of gearing on the net asset value per share if the market value of the portfolio were to increase by 100%.

## **Total Expense Ratio**

Management fee and all other operating expenses excluding interest, expressed as a percentage of the average of the month end net assets during the year (2008 and prior years: the average of the opening and closing net assets).

## **Share Price Discount/Premium to Net Asset Value ('NAV') per Ordinary Share**

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

## **(Loss)/Earnings per Ordinary Share**

The undiluted (loss)/earnings per Ordinary share represents the (loss)/return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the year.

The diluted (loss)/earnings per Ordinary share represents the (loss)/return on ordinary activities after taxation divided by the weighted average number of Ordinary shares in issue during the year as adjusted in accordance with the requirements of IAS 33 'Earnings per Share'.

## **Active Position**

The active position shows the difference between the Company's holding of an individual stock, sector or country compared with that stock, sector or country's weighting in the Company's benchmark. A positive number indicates an active decision by the investment manager to own more of (i.e. be overweight) a particular stock, sector or country versus the benchmark and a negative number a decision to hold less of (i.e. be underweight) a particular stock, sector or country versus the benchmark.

## **Performance Attribution**

Analysis of how the Company achieved its recorded performance relative to its benchmark.

### **Performance Attribution Definitions:**

#### **Asset Allocation**

Measures the impact of allocating assets differently from those in the benchmark, via the portfolio's weighting in different countries, sectors or asset types.

#### **Stock Selection**

Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

#### **Currency Effect**

Measures the effect of currency exposure differences between the Company's portfolio and its benchmark.

#### **Gearing/Cash**

Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

#### **Management Fee/Other Expenses**

The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

#### **Exercise of Subscription Shares**

Measures the negative impact on the net asset value (NAV) per share arising from the exercise of Subscription shares into Ordinary shares at a price which is less than the NAV per share.

# Details of Subscription shares

On 4th November 2008, the Company issued 21,001,937 Subscription shares as a bonus issue to the Ordinary shareholders on the basis of one Subscription share for every five Ordinary shares held. Each Subscription share confers the right, (but not the obligation), to subscribe for one Ordinary share on any business day during the period 2nd January 2009 to 2nd January 2014, after which the rights under the Subscription shares will lapse.

For the purposes of UK taxation, the issue of subscription shares is treated as a reorganisation of the Company's share capital. Whereas such reorganisations do not trigger a chargeable disposal for the purposes of the taxation of capital gains, they do require shareholders to reallocate the base costs of their ordinary shares between ordinary shares and subscriptions shares received.

At the close of business on 5th November 2008 the middle market prices of the Company's Ordinary shares and Subscription shares were as follows:

Ordinary shares:	246p
Subscription shares:	67.5p

Accordingly, an individual investor who on 4th November 2008 held five Ordinary shares (or a multiple thereof) would have received a bonus issue of one Subscription share (or the relevant multiple thereof) and would apportion the base cost of such holding 94.8% to the five Ordinary shares and 5.2% to the Subscription shares.

The future conversion prices of the Subscription shares are as follows:

If Subscription share rights are exercised on any day between and including 3rd January 2010 and 2nd January 2012, 247 pence.

If Subscription share rights are exercised on any day between and including 3rd January 2012 and 2nd January 2014, 291 pence.

# Information about the Company

## Financial Calendar

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	May
Interim Management Statements announced	January/July
Dividends	N/A
Annual General Meeting	January

## History

The Company was launched in May 1994 by a public offer of shares which raised £84 million before expenses. In February 2002, the Company changed its name to JPMorgan Fleming Indian Investment Trust plc. In November 2005 it adopted its present name JPMorgan Indian Investment Trust plc.

## Company Numbers

Company registration number: 2915926  
Ordinary Shares  
London Stock Exchange number: 0345035  
ISIN: GB0003450359  
Bloomberg Code: JII LN  
Subscription Shares  
London Stock Exchange number: B3CSXS1  
ISIN: GB00B3CSXS18  
Bloomberg Code: JIIS LN

## Market Information

The Company's net asset value ("NAV") is published daily via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at [www.jpmindian.co.uk](http://www.jpmindian.co.uk) where the share price is updated every fifteen minutes during trading hours

## Website

[www.jpmindian.co.uk](http://www.jpmindian.co.uk)

## Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at [www.jpmorganwealthmanagerplus.co.uk](http://www.jpmorganwealthmanagerplus.co.uk)

## Taxation

On 30th October 2008, Shareholders approved the bonus issue of subscription shares, as described in the Company's Prospectus dated 30th September 2008. Trading in subscription shares commenced on 5th November 2008. For capital gains tax purposes, the base cost of the Company's ordinary shares and subscription shares as at 5th November 2008 were as follows:

Ordinary Shares: 246p  
Subscription Shares: 67.5p

For further details on the bonus issue of subscription shares, please refer to page 58 of this report.

## Manager and Company Secretary

JPMorgan Asset Management (UK) Limited

## Company's Registered Office

Finsbury Dials  
20 Finsbury Street  
London EC2Y 9AQ  
Telephone: 020 7742 6000

For company secretarial and administrative matters, please contact Andrew Norman.

## Custodian

JPMorgan Chase Bank N.A.  
125 London Wall  
London EC2Y 5AJ

## Registrars

Equiniti Limited  
Reference 1087  
Aspect House  
Spencer Road  
West Sussex BN99 6DA  
Telephone number: 0871 384 2327

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1087.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk).

## Independent Auditor

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
2 New Street Square  
London EC4A 3BZ

## Brokers

JPMorgan Cazenove Limited  
20 Moorgate  
London EC2R 6DA

## Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

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J.P. Morgan Helpline  
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

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