

PORTFOLIO BREAK DOWN BY SIZE AT 31 JANUARY 2008

	No. of companies	% of portfolio
Small Cap	12	33.6
Mid Cap	10	51.4
Large Cap	1	3.6
Unlisted	2	4.3
Cash		7.1
Total		100.0

ANALYSIS OF HOLDINGS BY SECTOR AT 31 JANUARY 2008

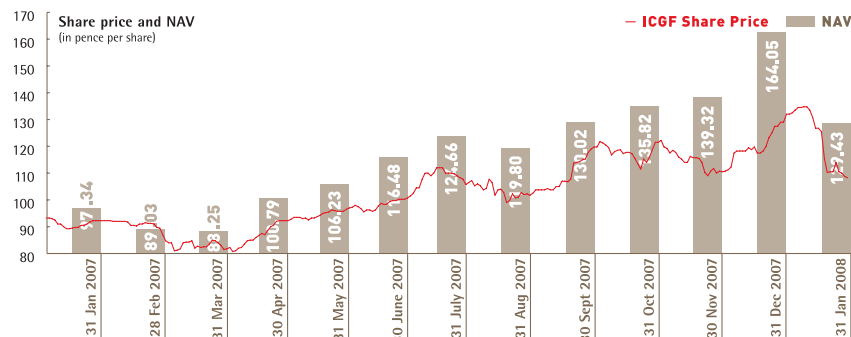
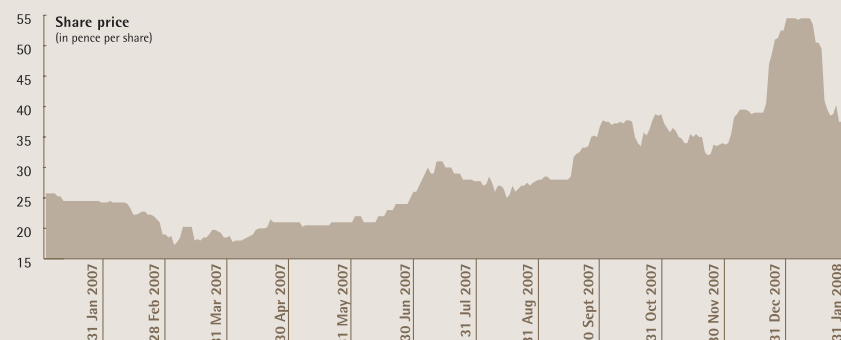
Sector summary	No. of companies	% of portfolio
Media	2	17.7
Financial Services	4	17.4
Housing & Construction	6	14.6
Textiles	2	13.7
Transportation	2	8.2
Electrical & Lighting	1	7.5
IT	3	6.1
Engineering / Manufacturing	3	3.5
Others	2	4.2
Total investments	25	92.9
Cash		7.1
Total portfolio		100.0

TOP 10 HOLDINGS AT 31 JANUARY 2008

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	10.9
Prime Focus	Media	8.9
IOL Broadband	Media	8.8
Asian Electronics	Electricals & Lighting	7.5
Prime Securities	Financial Services	7.2
Gruh Finance	Financial Services	4.3
SpiceJet	Transportation	4.1
Varun Shipping	Transportation	4.1
Arihant Foundations and Housing	Housing & Construction	4.0
Marwadi Shares and Finance	Financial Services	3.9

SHARE PRICE AND NAV AS AT 31 JANUARY 2008

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	108.25	129.43	124.53	IGCW	37.50

SHARE PRICE AND NAV PERFORMANCE

WARRANTS

PROGRESS UPDATE

After the sustained bull run in the latter part of 2007 which peaked on 10th January of this year, Indian markets followed global equity markets and suffered a large fall, triggered by a growing realisation that the sub prime issues in the US are deeper and more severe than had previously been admitted. FIs withdrew USD3.2bn from the market in January, in contrast to their net investment of USD1.4bn in December 2007. Liquidity was further constrained by the Reliance Power IPO (which received applications totaling USD190bn for the USD3bn of shares on offer). While the (Large Cap) BSE Sensex fell by 13%, the small and mid cap indices (BSE Small Cap and BSE Mid Cap) fell further, by 24.2% and 20.7% respectively, a pattern mirroring market movements in May 2006.

The undiluted NAV for the Company fell by 21.1% during the month, in line with the sectors of the market in which the Company invests. We continue to believe that the fundamentals for the companies within the portfolio are very sound, and recently released quarterly results have confirmed this. For

23 of the 25 companies in the portfolio, the average top line and EPS growth for the quarter ended 31 December 2007 over the corresponding quarter in 2006, were 56% and 49% respectively. (One company's results are still to come in, and those for the final company are excluded as growth was exceptionally high).

India has a low ratio of exports to GDP (15.2%) and the majority of the portfolio companies are focused on the domestic Indian market, which is continuing to prosper, and, we believe, should be less affected than other emerging markets by a slowdown in the US or Europe.

Liquidity within the company had been increased a little before the major falls, and thereafter there has been relatively little change in the portfolio. It is intended to continue this patient approach until the market settles, although the liquidity available will enable selective purchases to be made where we see attractive prices in existing portfolio companies or new ones which meet the key investment criteria.



THE FUND

The India Capital Growth Fund is a closed ended, Guernsey registered, AIM listed fund established in December 2005, with the objective of generating long-term capital appreciation by investing in small and medium sized companies based in India, both listed and unlisted. The shares are denominated in Pounds Sterling.

ADDITIONAL INFORMATION

Further information can be found on the Company's website at: www.indiacapitalgrowth.com

INVESTMENT OBJECTIVES

The Company's investment objective is to provide long term capital appreciation by investing predominantly in listed small to mid-cap companies with a smaller proportion in unlisted companies. Investment may also be made in large-cap listed Indian companies where the Fund Manager believes long-term capital appreciation will be achieved.

Investment evaluation and selection is based on a bottom-up approach where opportunities are evaluated on a case by case basis. The Fund Manager follows an absolute return focus to investing rather than 'relative-performance' stock picking. The Company may hold liquid assets (including cash) pending deployment in suitable investments. It is the Company's declared policy not to hedge the exposure to the Indian Rupee.

BASIC DATA

Launch date	22nd December, 2005
Listing	Alternative Investment Market, LSE
Domicile	Guernsey
NAV publication	Monthly

CAPITAL STRUCTURE

Ordinary shares in issue	75,000,000
Warrants outstanding	15,000,000
Warrant exercise price	100p
Warrant exercise period	Post publication of annual accounts 2009-2011

BOARD

Micky Ingall (Chairman)
Jamie Cayzer-Colvin
Ashok Dayal
Robin Nicholson
Andrew Maiden

MANAGER AND FEES

India Investment Partners Limited	30 Buckingham Gate, London SW1E 6NN Tel: +44 207 802 8902 Fax: +44 207 802 8909
Annual Management fee	1.5% of AUM
Performance fee	20% of increase in NAV in excess of 10% compound annual growth in sterling, paid semi-annually and subject to a High Water mark

OTHER ADVISERS

Registrar	Capita IRG (CI) Limited 2nd Floor, No 1 Le Truchot, St Peter Port, Guernsey GY1 4AE
Administrator	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL
NOMAD	Arbuthnot Securities Limited 20 Ropemaker Street, London EC2Y 9AR
CREST Agent	Capita Registrars 34 Beckenham Road, Kent BR3 4TU