

PORTFOLIO BREAK DOWN BY SIZE AT 30 SEPTEMBER 2008

| | No. of companies | % of portfolio |
|--------------|------------------|----------------|
| Small Cap | 20 | 71.2 |
| Mid Cap | 2 | 5.4 |
| Large Cap | 1 | 5.6 |
| Unlisted | 3 | 8.4 |
| Cash | | 9.4 |
| Total | | 100.0 |

ANALYSIS OF HOLDINGS BY SECTOR AT 30 SEPTEMBER 2008

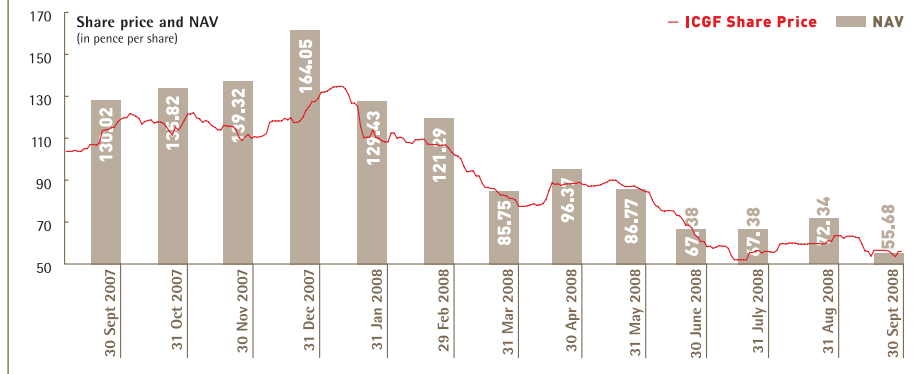
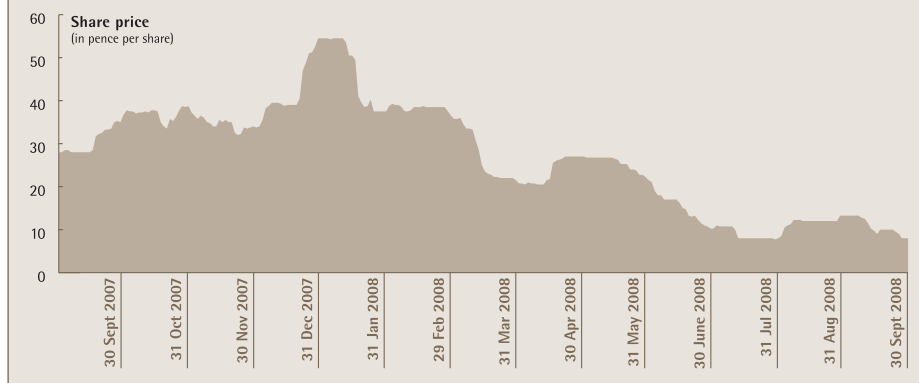
| Sector summary | No. of companies | % of portfolio |
|---|------------------|----------------|
| Media | 2 | 12.6 |
| Financial Services | 3 | 12.6 |
| Textiles | 2 | 12.4 |
| Housing & Construction | 5 | 11.2 |
| Transportation | 2 | 9.1 |
| IT | 3 | 7.7 |
| Pharmaceuticals, Services and Packaging | 1 | 5.7 |
| Engineering / Manufacturing | 3 | 4.8 |
| Offshore Oil and Gas Services | 1 | 4.6 |
| Process Controls | 1 | 4.2 |
| Hotels | 1 | 3.1 |
| Others | 2 | 2.6 |
| Total investments | 26 | 90.6 |
| Cash | | 9.4 |
| Total Portfolio | | 100.0 |

TOP 10 HOLDINGS AT 30 SEPTEMBER 2008

| Holding | Sector | % of portfolio |
|----------------------------|-------------------------------|----------------|
| Prime Focus | Media | 8.7 |
| S Kumars Nationwide | Textiles | 8.3 |
| Marwadi Shares and Finance | Financial Services | 7.7 |
| Varun Shipping | Shipping | 6.4 |
| Bilcare | Pharma Packaging | 5.7 |
| Akruti City | Housing & Construction | 5.6 |
| Great Offshore | Offshore Oil and Gas Services | 4.6 |
| IT People | IT | 4.3 |
| ICSA | Process Controls | 4.2 |
| Grabal Alok | Textiles | 4.1 |

SHARE PRICE AND NAV AS AT 30 SEPTEMBER 2008

| Ordinary Shares | | | | Warrants | |
|-----------------|-----------------|-------------------------------|-----------------------------|----------|-------------------|
| Ticker | Share price (p) | NAV per share (undiluted) (p) | NAV per share (diluted) (p) | Ticker | Warrant price (p) |
| IGC | 53.50 | 55.68 | 55.68 | IGCW | 8.00 |

SHARE PRICE AND NAV PERFORMANCE

WARRANTS

PROGRESS UPDATE

In September markets across the world fell severely in response to the deepening financial crisis in the USA and Europe. However, the Indian financial system has not been impacted significantly as the vast majority of Indian banks are not players in the global markets, and domestically non-performing loans appear to be at a level that is not material or of concern to banks or regulators. There appear to be no particular liquidity issues at present in the Indian banking system, and rumours that one of the largest banks, ICICI Bank might have problems through its international exposure, were quickly and effectively dismissed by the Reserve Bank of India.

Indian stock markets, however, followed the global downward track, largely as a result of continued selling by Foreign Institutional Investors ("FIIs") who withdrew a further USD 2bn from the market in September, with domestic institutional buying not being able to match such outflow. FIIs have withdrawn a net USD 9.1 billion in the last nine months (this takes into account the 1.2 billion FII inflow into the Reliance Power IPO in early January 2008). The BSE Sensex was down

11.7%, the BSE Mid Cap Index was down 16.4%, and the BSE Small Cap Index closed down 19.1% over the month. The Rupee also declined by 5.9% against sterling in the month. As a result, the Company's NAV fell by 23.0% in the month.

Nevertheless, the underlying story remains positive. The approval of the Indo-US nuclear deal by the US Congress, the fall in oil prices and a good monsoon with record rice and wheat production are all positive indicators for the domestic economy, and the underlying businesses within the portfolio companies in general continue to trade well. Constant and close contact is maintained with all investee companies.

In these turbulent markets a cautious strategy has been adopted with no "fire sales" and selective buying where value is apparent. In September, the Company built up a position in one new portfolio company and elsewhere has steadily increased stakes in other existing portfolio companies where valuations are at extremely attractive levels.

Cash as at 30 September was GBP 3.9m, 9.4% of the portfolio.



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 in 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 |