

PORTFOLIO BREAK DOWN BY SIZE AT 31 OCTOBER 2008

	No. of companies	% of portfolio
Small Cap	21	71.6
Mid Cap	2	11.5
Unlisted	3	11.4
Cash		5.5
Total		100.0

ANALYSIS OF HOLDINGS BY SECTOR AT 31 OCTOBER 2008

Sector summary	No. of companies	% of portfolio
Financial Services	3	14.6
Textiles	2	13.1
Housing & Construction	5	12.0
Pharmaceutical Services & Packaging	1	10.0
Media	2	9.3
Transportation	2	8.9
Process controls	1	6.6
IT	3	5.6
Offshore Oil & Gas Services	1	4.6
Hotels	1	4.2
Engineering / Manufacturing	3	3.6
Others	2	2.0
Total investments	26	94.5
Net Cash		5.5
Total Portfolio		100.0

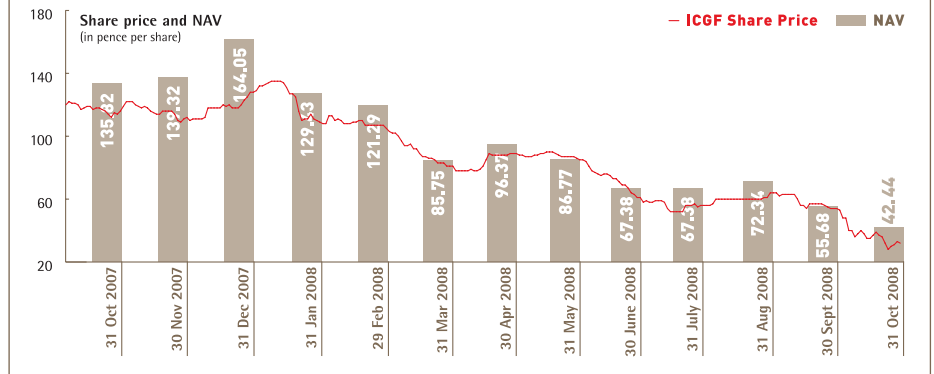
TOP 10 HOLDINGS AT 31 OCTOBER 2008

Holding	Sector	% of portfolio
Marwadi Shares and Finance	Financial Services	10.7
Bilcare	Pharma Packaging	10.0
S. Kumars Nationwide Textiles		9.3
Varun Shipping	Transport	7.0
Akruti City	Housing & Construction	6.9
Prime Focus	Media	6.9
ICSA India	Process Controls	6.6
Great Offshore	Offshore Oil & Gas Services	4.6
Viceroy Hotels	Hotels	4.2
Grabal Alok Impex	Textiles	3.8

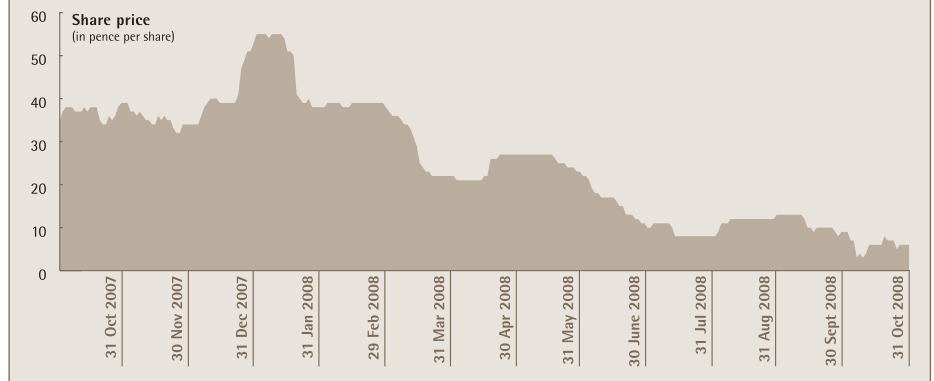
SHARE PRICE AND NAV AS AT 31 OCTOBER 2008

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	32.00	42.44	42.44	IGCW	6.00

SHARE PRICE AND NAV PERFORMANCE



WARRANTS



PROGRESS UPDATE

October was an awful month for equities worldwide. In India the BSE Sensex was down 23.9% and the BSE Small Cap Index was down 32.5% on the month while the Company's NAV was down 23.8%.

Markets continued to be driven by Foreign Institutional Investors ("FIIs") who sold a net USD 3.8bn during the month taking the total for FII net sales from 1 January 2008 to 30 September to USD 12.9bn. The Rupee appreciated 5.2% against Sterling during the month, however it is still down 2.1% since 1 January 2008.

While equity markets fell there was positive news on inflation which fell to 10.68% with a wide range of goods contributing to this fall. The Reserve Bank of India has also been active this month, cutting the repo rate, the key policy interest rate, by 150 bps to 7.5% and the CRR (cash reserve ratio, the amount of cash that banks need to keep with the RBI) by 350bps to 5.5%. The SLR (statutory liquidity

requirement, the investment in government securities by banks) has been cut for the first time in 11 years by 100bps to 24%.

Companies in the financial services sector and those sensitive to the oil price have suffered but while there is some softening of growth rates the balance sheets and prospects of portfolio companies remain sound. The results so far announced for the quarter ended 30 September 2008 suggest that turnover and volumes are increasing over both the previous quarter and the comparable period in 2007, however in some sectors companies are seeing reduced margins, and are needing to adapt to a tougher trading environment.

The Company is taking advantage of current market levels to utilise its cash balances to increase its holdings in several core companies. As a consequence net cash at 31 October had reduced to GBP 1.76m, 5.5% 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