

PORTFOLIO BREAK DOWN BY SIZE AT 31 JANUARY 2009

	No. of companies	% of portfolio
Small Cap	21	78.2
Unlisted	3	11.6
Cash		10.2
Total		100.0

ANALYSIS OF HOLDINGS BY SECTOR AT 31 JANUARY 2009

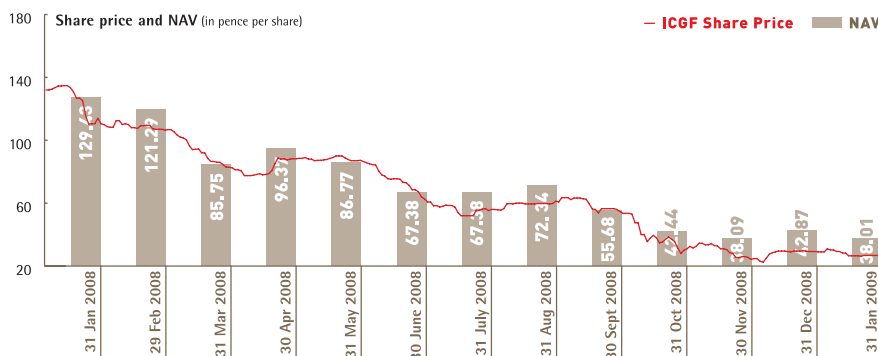
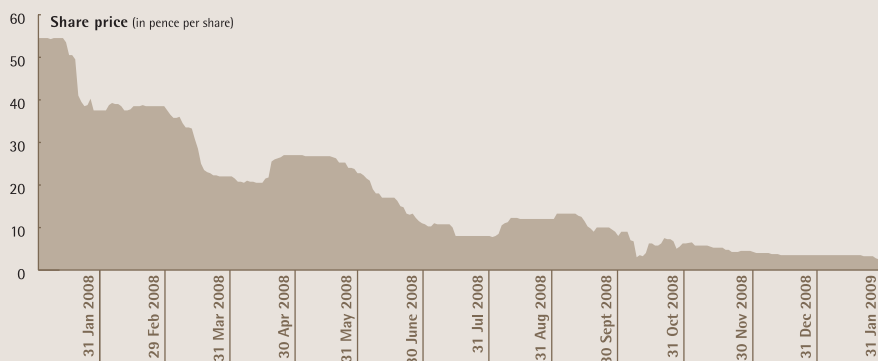
Sector summary	No. of companies	% of portfolio
Financial Services	3	15.7
Textiles	2	13.0
Transportation	2	12.3
Pharmaceutical Services & Packaging	1	11.6
Media	2	9.3
IT	3	6.3
Process controls	1	5.8
Offshore Oil & Gas Services	1	4.3
Housing & Construction	4	4.1
Hotels	1	2.7
Engineering / Manufacturing	2	2.4
Others	2	2.3
Total investments	24	89.8
Net Cash		10.2
Total Portfolio		100.0

TOP 10 HOLDINGS AT 31 JANUARY 2009

Holding	Sector	% of portfolio
Bilcare	Pharma Packaging	11.6
Marwadi Shares and Finance	Financial Services	10.8
Varun Shipping	Transport	9.3
S. Kumars Nationwide Textiles	Textiles	9.0
ICSA India	Process Controls	5.8
Prime Focus	Media	4.9
IOL Netcom	Media	4.4
Logix Microsystems	IT	4.4
Great Offshore	Offshore Oil & Gas Services	4.3
Grabal Alok Impex	Textiles	4.0

SHARE PRICE AND NAV AS AT 31 JANUARY 2009

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	26.75	38.01	38.01	IGCW	2.50

SHARE PRICE AND NAV PERFORMANCE

WARRANTS

PROGRESS UPDATE

NAV for the month was down 11.3%. While the BSE Sensex was only down 2.3%, the BSE Small Cap Index was down 9.3% on the month. The Rupee appreciated marginally against Sterling. Amidst volatility, markets continued to swing in response to global events and quarterly results, and once again the small-cap stocks bore the brunt.

FIIs turned negative once more with net outflow of USD 1.1 billion as compared to an inflow of USD 433mn in the previous month. Domestic mutual funds were also net sellers withdrawing USD 294 Million as compared to an investment of USD 71 Million in December 2008.

The Reserve Bank of India (RBI) reduced the repo rate (the rate at which banks borrow from the central bank) by 100bps to 5.5%, the reverse repo rate (at which banks deposit funds) by 100 bps to 4% and the cash reserve ratio (the proportion of funds that banks need to hold on deposit with the central bank) by 50bps to 5%. Inflation (measured by the wholesale prices index) was at 5.07% for the week ended 24 January 2009. The RBI in its monetary policy statement on January 27th revised GDP growth estimates downwards to 7%

for FY09 (ending 31 March 2009) from the earlier estimate of 7.5% to 8%.

The recently announced quarterly results to 31 December 2008 have shown a healthy top line growth for most companies, with an average growth over the corresponding quarter in 2007 of 27% (excluding two companies together representing 1.8% of the portfolio). Operating margins also remained high (average 21% for the same group in the same period). PAT however has suffered. Four of the 24 companies made a loss in the quarter to 31 December and for others PAT is well down on a year ago. This is primarily due to interest costs that rose sharply in 2008. The burden of carrying higher working capital as a consequence of the general tightening of credit has also hit cash flows. Interest rates are now coming down but will continue to affect financial performance for the next quarter.

Current valuations remain attractive. The average trailing twelve month PE for the profit making companies is 5.5x.

The net cash as on 31 January 2009 was GBP 2.9 Million, 10.2% 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