

**PORTFOLIO BREAK DOWN BY SIZE
AT 31 JANUARY 2010**

	No. of companies	% of portfolio
Small Cap	11	42.0
Mid Cap	3	20.8
Large Cap	2	2.8
Unlisted	2	9.8
Cash/Cash Equivalent		24.6
Total	18	100.0

**ANALYSIS OF HOLDINGS BY SECTOR
AT 31 JANUARY 2010**

Sector summary	No. of companies	% of portfolio
Textiles	2	15.1
Transport	2	13.7
Financial Services	2	10.9
Media	2	8.5
Pharmaceuticals	1	7.7
Process Controls	1	6.8
Housing & Construction	3	6.3
Engineering / Manufacturing	1	2.8
Agriculture	1	1.8
IT	2	0.9
Others	1	0.9
Total Investment	18	75.4
Net Cash/Cash equivalent		24.6
Total Portfolio		100.0

**TOP 10 EQUITY HOLDINGS
AT 31 JANUARY 2010**

Holding	Sector	% of portfolio
S. Kumars Nationwide	Textiles	12.9
Marwadi Shares and Finance	Financial Services	9.8
Bilcare	Pharmaceuticals	7.7
Spicejet	Airlines	7.4
Prime Focus	Media	6.9
ICSA India	Process Controls	6.8
Varun Shipping Co	Shipping	6.3
MSK Projects India	Housing and Construction	3.0
Hindustan Dorr-Oliver	Engineering / Manufacturing	2.8
Arihant Foundations & Housing	Housing and Construction	2.8

SHARE PRICE AND NAV AS AT 31 JANUARY 2010

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	47.50	58.36	58.36	IGCW	1.88

Portfolio update

The Net Asset Value per share fell 2.1% in January. While the mid cap index fell by 3.1% in Rupee terms, the BSE Sensex fell by 6.3% as foreign investors took money off the table in the broader market, although the impact was partially offset by the Rupee rising 0.3% against sterling in the month. It is encouraging that the mid cap stocks performed better albeit over a short period. The two main culprits in the portfolio contributing to the weakness were ICSA, down 10.5%, and Jain Irrigation which fell by 17.0%. Both these stocks are exposed to Andhra Pradesh where the recent death of the Chief Minister has raised fears about future direction of policy, and thus growth. Positive contribution came from heavyweight SKNL and road builder MSK Projects.

The weakness in the India markets was in response to a mixture of both domestic and global concerns. At home inflation continues to worry: December's Wholesale Price Index rose to 7.3% the highest level for 13 months, prompting fears of early (and stronger) monetary tightening. This was confirmed by the Reserve Bank who raised the Cash Reserve Ratio by 0.75%, a larger rise than the market anticipated. This is in continuation of the policy gradually to remove liquidity support from the market, and although a concern it must be seen as a sign of economic strength. Indeed, the negative inflation report was quickly followed by an upward revision to the Government's GDP forecast for 2009/10 from 6% to 7.5%.

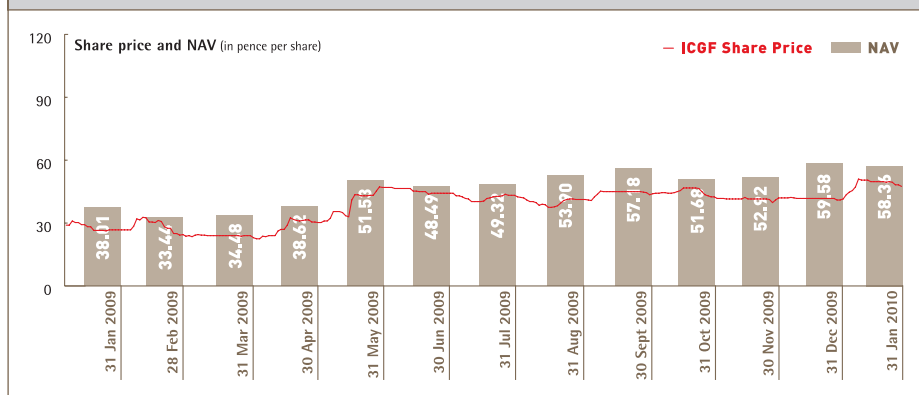
Outlook

Recent news of China's efforts to rein lending growth in the banking sector and further uncertainties over the direction of US banking regulation took the early shine of markets pretty quickly. Although we remain positive overall, it is unlikely that these issues are going to vanish overnight. India will be affected by global worries as well as having its own problems to concern investors.

The portfolio remains in reconstruction

mode and although new positions have been initiated there is still work to do. The recent weakness has given the fund an opportunity to build new positions. In early February there is a busy agenda of approximately thirty company meetings. Existing positions continue to be reviewed. It is the intention to spend time with the management of all portfolio companies before any decisions are taken.

SHARE PRICE AND NAV PERFORMANCE





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	75,000,063
Warrants outstanding	14,999,937
Warrant exercise price	100p
Warrant exercise period	23 April 2009 to 21 May 2009, and subsequently post publication of the annual accounts in 2010 and 2011

BOARD

Fred Carr (Chairman)
Robin Nicholson
Jamie Cayzer-Colvin
Ashok Dayal
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
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