India
Capital Growth Fund

Annual report and audited consolidated financial statements

For year ended
31 December 2009

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Contents

Management and administration

Directors

Fred Carr (Chairman)
(Appointed with effect from 17 September 2009)

Jamie Cayzer-Colvin

Ashok Dayal

Andrew Maiden

Robin Nicholson

Registered Office

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Les Banques
St. Peter Port
Guernsey GY1 3QL

Investment Manager

India Investment Partners Limited
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London SW1E 6NN

Administrator and Secretary

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Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
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Mauritian Administrator

International Financial Services Limited
IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Custodian

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HSBC Security Services
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India

Management and administration (continued)

Custodian (continued)

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for Guernsey Law
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India

for Mauritian Law
Citilaw Chambers
Cathedral Square
Port Louis
Mauritius

Chairman's statement

This is my first statement to shareholders since my appointment to the Board at the end of September last year. I am much enjoying the opportunity to become more involved with India, and I have already had the opportunity to visit and to spend time with the fund manager and the team at the investment adviser and to meet with businessmen and economists. India is indeed a country with enormous potential, but this has been obvious for some time. What we can begin to see now, however, is a greater likelihood that the new Government will actually deliver on the promises of reform and progress that previous administrations have made but not achieved.

In many ways 2009 was a disappointing year for the Company. The second half of 2009 saw the Net Asset Value (NAV) rise by 22.9%, giving an overall increase for the year of 39%. The Company's assets are explicitly unhedged against the Indian Rupee, and the decline in its value against Sterling of around 7% held back performance. Even so, our NAV rise was well below that of the local indices. The year as a whole saw highly volatile markets with marked falls in the early months which were only really halted once the result of the Indian general election were known. At that point, with overseas investor confidence restored somewhat, the markets took off and the leading stocks index, the BSE Sensex, ended the year up 81%, and 117% above its low point.

The Company's share price was equally volatile. Having started the year at a 32% discount to NAV, at the half year this discount had narrowed to a little under 9%. In the second half year, despite a NAV rise of nearly 23% the share price actually fell by 7% returning the discount to over 30%. Since the year-end, however, the discount has started to narrow again and at 28 February was just under 13.5%.

The Board instigated a review of the investment policy and strategy in the light of the continuing underperformance of the portfolio relative to the market indices. The Manager has responded by the appointment of a new fund manager with a successful track record of investing in the region to oversee the Company's investments. The Manager has also recommended a change of approach, while remaining true to the core investment policy of focussing on the mid and small cap sectors in India. This change of approach is likely to lead to a less concentrated portfolio, reducing the risks of individual stock performance having an undue influence over the portfolio as a whole. It will be accompanied by a greater emphasis on liquidity in the underlying investments, improving the ability of the Manager to implement tactical decisions quickly. The Board is supportive of these developments.

At home, the Company is continuing to monitor the developments in the proposed EU Directive (AIFM) seeking further to regulate the financial services sector. Although primarily aimed at hedge funds and private equity funds, the politicians and bureaucrats in Brussels have chosen to apply the proposals to all non-UCITS investment vehicles. This has a potentially damaging effect on the whole of the closed-end fund industry, and we are wholly supportive of the efforts of the Association of Investment Companies in their lobbying. While the risk that this legislation may force the winding up of investment companies appears to be receding there remain potentially significant implications, not least for non-EU domiciled companies investing outside the EU.

Looking forward, the Indian economy is continuing to grow at over 7% per annum, and with a stable government committed to developing infrastructure and education the outlook is positive. The challenge remains inflation. Recent years have also shown that although India is predominantly a domestic economy and its financial system and institutions are largely insulated from the problems which have been seen elsewhere, it is not immune to the risks of contagion from adverse events elsewhere in the world. 2010 may again be difficult, but I believe we are stronger and better able to meet the challenges ahead.

Fred Carr | Chairman

8 MARCH 2010

India Capital Growth Fund

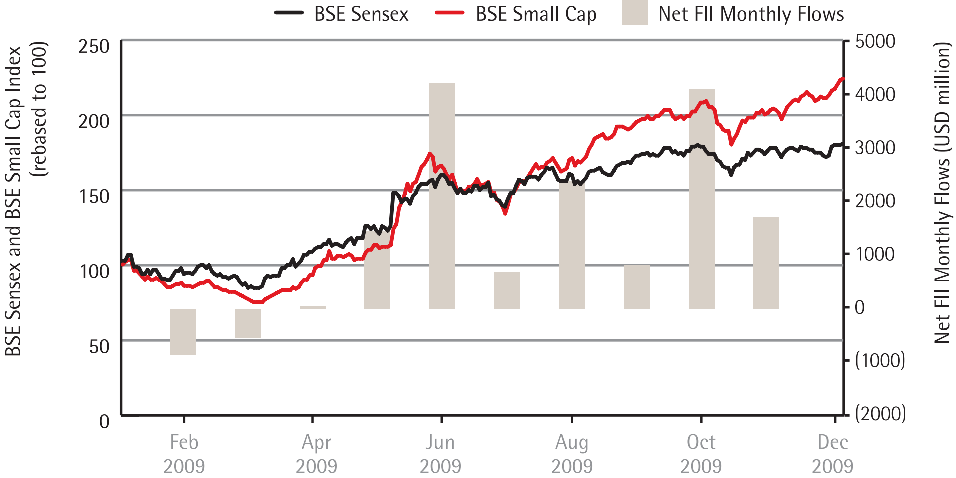
Investment manager's report

Summary

The extreme volatility experienced since the launch of the Company in December 2005 continued into 2009, with Indian stock market indices falling to 4 year lows in March but rebounding sharply to end the year significantly ahead. The economy showed relative stability, in contrast to many other western and emerging markets; corporate profits held up; and foreign portfolio fund inflows were strong. All these contributed to record rises in all the local indices.

2009 was a positive year for ICGF in absolute terms as NAV rose 39%. Performance nevertheless lagged the Indian indices yet again, which was clearly disappointing and has prompted some resetting of the investment strategy within the Company's overall remit to invest in mid and small cap companies in India.

Chart 1: BSE Sensex and BSE Small-cap indices with net monthly FII flows in 2009



Market environment – the economy

Having opened with continuing uncertainty over the future of the global economy and its impact on the Indian economic growth, 2009 saw two key events: first, the general election in May; and second a poor monsoon. The former delivered an unexpected but clear majority for the Indian National Congress (INC) and a clear mandate to continue their economic growth policies with special focus on issues such as infrastructure creation and education. Domestic and foreign investors responded enthusiastically, with the BSE Sensex hitting the +20% circuit limit on 18 May. The immediate impact of the poor monsoon was a rise in food prices with a consequent upward effect on inflation. Nevertheless the overall picture for the Indian economy was positive, with estimates for GDP growth and corporate earnings regularly upgraded (as shown is Chart 2) and FDI and FII inflows continuing.

The Reserve Bank of India (RBI) revised its annual GDP growth forecast for the year to 31 March 2010 to 7.5% in its third quarter monetary policy review in January 2010 from the 6% it had predicted during the second quarter monetary policy review in October 2009. This revision was on the back of better than expected GDP growth of 7.9% per annum in the quarter to 30 September 2009, a consolidation of recovery in industrial production and a pick-up in exports in November after 13 straight months of decline.

The RBI reduced the policy rates (repo and reverse repo) in line with falling inflation in the first half of 2009. The wholesale prices index (WPI) fell from 5.5% in January 2009 to –1% in June 2009, mainly driven by the large base effect of 2008. However from July 2009 onwards inflation started rising again. Indian agriculture was affected by a poor monsoon and by the year end food inflation was 18% per annum. In January 2010, the RBI increased the Cash Reserve Ratio (CRR) by 75bps but refrained from increasing policy

Market environment – the economy (continued)

rates. The objective was threefold: a reduction in excess liquidity to control inflation; economic recovery without comprising price stability; and a calibrated exit from the looser monetary policy pursued to date. Wholesale price inflation, consumer price inflation (CPI) and the RBI's Repo rate changes are shown in Chart 3 below.

Stock markets

The slide in the Indian stock market that began in early 2008 continued through the beginning of 2009 due to lingering uncertainty regarding the global recovery, as foreign investors withdrew funds. In March 2009, the BSE Sensex fell to its lowest level in over four years. However investor confidence returned in the spring, stimulated by the unexpected election result, and markets rebounded during the next three quarters. In terms of trailing twelve month PE multiples, at 31 December 2009 the BSE Sensex had returned to its pre-2008 PE multiple of 22x. Chart 4 shows the movements in the BSE Sensex and the market PE ratio from 2006 to 2009.

Portfolio performance and investment strategy 1 January 2009 to 31 December 2009

Performance

Against a background of very strong markets, ICGF's NAV rose 39%, a disappointing performance when measured against the performance of the indices. Exchange rates did move against us, with the rupee depreciating by over 7% against sterling during the year. However, with a concentrated portfolio that we did not actively trade, ICGF was exposed to the underperformance of three of our top five holdings (Bilcare, Varun Shipping and ICSA).

We also remained cautious about the strength of the market recovery during the year, holding an

Chart 2: MSCI India Earnings Revision Data

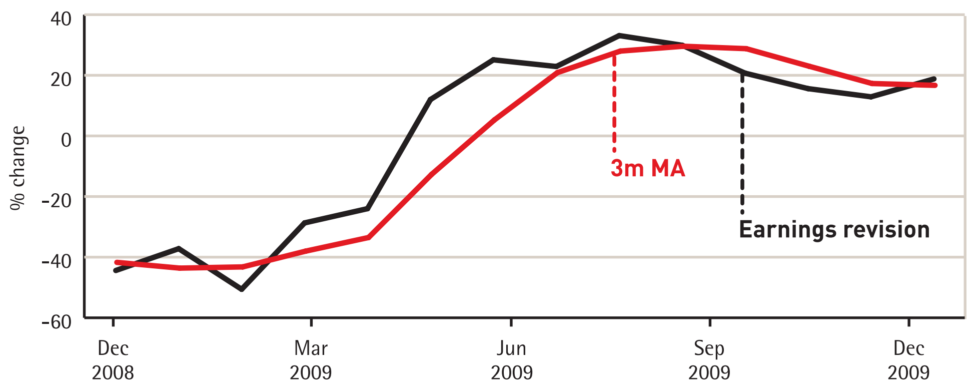


Chart 3: Inflation and interest rates in India for 2009

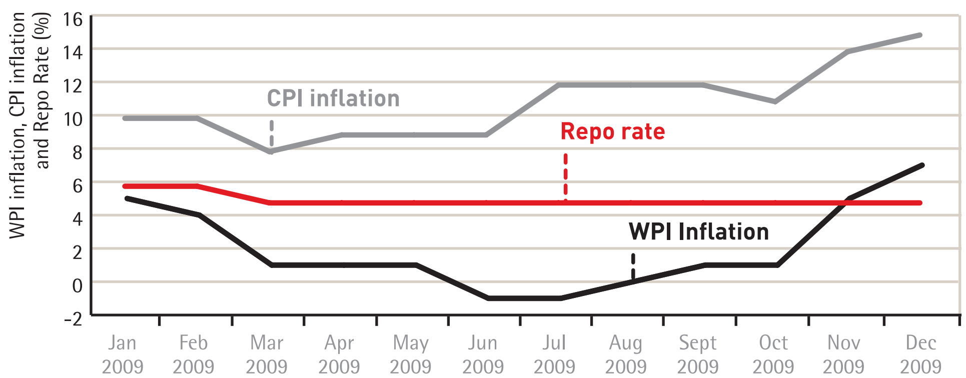
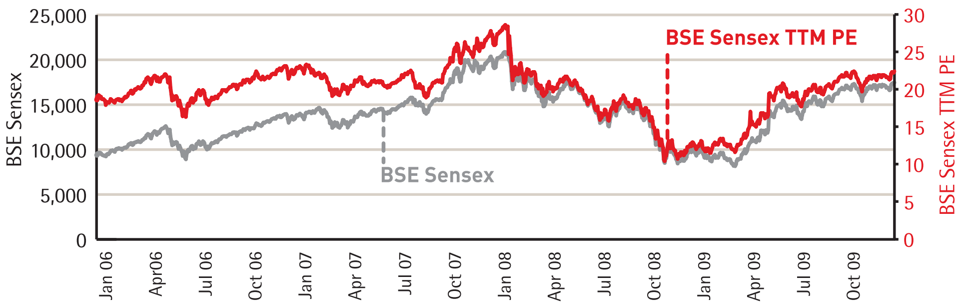


Chart 4: BSE Sensex index and PE multiples 2006-2009



average of 16% in cash for the first three quarters. Towards the end of the year we took advantage of market levels to sell out of a number of the less liquid and "micro cap" stocks, so that by the year end there were only 15 companies in the portfolio of which the top 5 made up 45% and the top 10 made up 67% of the portfolio. As at 31 December, 26.7% of the fund was held in cash or near cash.

The breakdown of the portfolio and an analysis by market capitalisation are set out in Charts 5 and 6.

Chart 5: The Portfolio

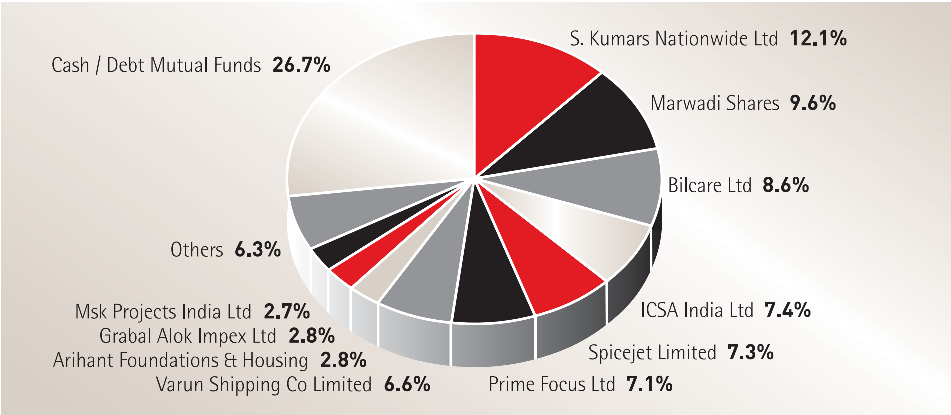
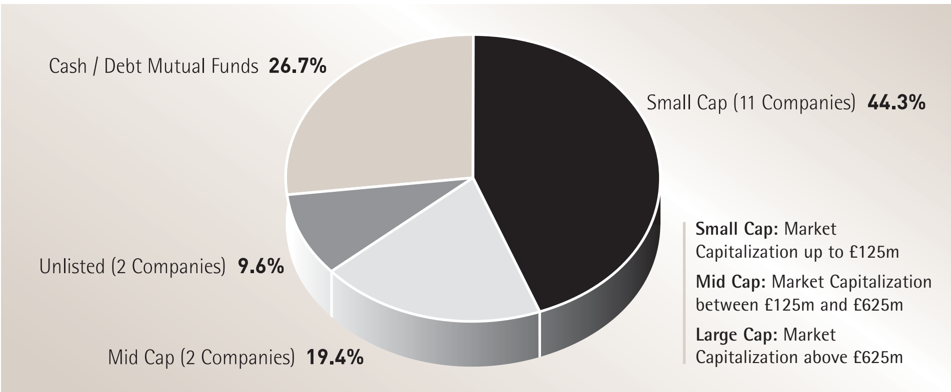


Chart 6: Portfolio analysis by size



Future strategy

During the latter part of the year, following discussion with the Board, steps were taken to address the issue of portfolio underperformance. On 4 January 2010 it was announced that David Cornell had joined the investment management team at India Investment Partners Limited from Henderson New Star. David's career has been resolutely focused on emerging markets: after periods with Flemings and Salomons he joined BDT in 2004 to launch the BDT Global Emerging Market Fund before moving in 2008 to New Star Institutional Managers to co-manage the New Star Emerging Market Fund and the global equity portfolios' growing exposure to emerging markets.

Going forward, David will be involved in the management of the ICGF portfolio focusing on ICGF's core investment philosophy but with a different implementation style and process:

- ICGF will continue to focus on mid and small cap Indian stocks, but there will be increased emphasis on liquidity;
- The portfolio will be less concentrated; and
- While backing long term structural themes, ICGF will approach the investments in a pragmatic way and where appropriate take advantage of market volatility.

Top 10 portfolio companies

The following section discusses the top 10 companies in the portfolio.

S Kumars Nationwide Limited

Market capitalisation: GBP 135m

12.1% of portfolio

4.0% of company

S Kumars Nationwide operates in the textile segment with a product range covering suiting, garments, apparels and home textiles. It is one of the largest textile companies in India and holds brands such as S Kumar's, Reid & Taylor, Belmonte and Carmichael House.

For the nine months ended 31 December 2009, consolidated revenues stood at Rs 28.6 billion (up 68% over the comparable period last year) and consolidated PAT stood at Rs 1.8 billion (up 17% year-on-year). These numbers reflected in part the acquisition of Hartmarx Corp. in the USA during the year. SKNL acquired Hartmarx, the largest men's tailoring company in America, through bankruptcy proceedings at an enterprise value of around USD 120 Mn. SKNL now has access to a whole array of leading international brands including Hickey Freeman, Bobby Jones, Hart Shauffner Marx, Exclusively Misook, Austin Reed and Monarchy amongst others. SKNL has brought in the erstwhile group president of Polo Ralph Lauren, Doug Williams, to lead Hartmax Corporation. Hartmarx margins are expected to improve going forward due to cost cutting initiatives underway and sourcing from SKNL India.

As at 31 December 2009 the stock traded at a PE of 5.0x trailing twelve months EPS to 31 December 2009.

Marwadi Shares & Finance Limited

9.6% of portfolio

12.2% of company

Marwadi Shares & Finance, an unlisted company, is one of India's largest retail brokers. As at 31 December 2009 the company had 798 branches and 144,317 clients. For the nine months ended 31 December 2009, operating income increased by 43% over the comparable period in 2008 to Rs 888 million and PAT increased by 91% for the same period.

The company's revenue was dominated by equity brokerage from retail clients. Going forward the company plans to concentrate on growing institutional broking, commodity broking, currency derivatives and third party product distribution. The company also plans to increase its retail reach outside Gujarat.

The carrying value of the investment was reviewed prior to the year-end and revised upward from INR 124.76 per share to INR 190.84 per share based on Marwadi's improved financial performance. The implied PE at ICGF's carrying value as at 31 December 2009 is 11.4x trailing twelve months EPS to 31 December 2009.

Bilcare Limited

Market capitalisation: GBP 122m

8.6% of portfolio

3.1% of company

Bilcare provides research into and manufacture of pharmaceutical packaging. The company also provides services for pharmaceutical clinical trials. Over the past three years the company has developed a presence in USA, Brazil, UK, Germany and Singapore as a part of its strategy to provide services to its big and small pharmaceutical clients across the globe. For the nine months ended 31 December 2009, consolidated revenues stood at Rs 7.8 billion (up 28% over the comparable period last year) and consolidated PAT stood at Rs 821 million (up 52%). The higher PAT growth was due to better margins arising from higher capacity utilisation which in turn reflected the growth in international business. The company has been acquiring new clients in both packaging and clinical research segments. It is due to launch its nanotechnology based anti-counterfeit packaging solution on a pilot scale.

As at 31 December 2009 the company traded at a PE of 8.2x trailing twelve months EPS to 31 December 2009.

ICSA India Limited

Market capitalisation: GBP 113m

7.4% of portfolio

2.9% of company

ICSA India Limited (ICSA) provides products and services to the power distribution companies. These products and services monitor transmission and distribution losses, a major problem in India. The company also has a presence in similar products for oil and gas transmission, water metering and gas metering. It is also engaged in the setting up of substations and transmission lines.

For the nine months ended 31 December 2009, revenues stood at Rs 9.3 billion (up 13% over the comparable period last year) and PAT stood at Rs 1.0 billion (down 24%). Operating margins during this period were down at 20.7% (against 24.8% in the previous year) due to an adverse mix of product and project segments. However, ICSA has been empanelled for the restructured APDRP (Accelerated Power Development and Reforms Program) and new orders are expected in near future. Margins are expected to improve in the first half of 2010 with fresh orders coming in for products where margins are higher than for project work.

As at 31 December 2009 the company traded at a PE of 6.3x trailing twelve months EPS to 31 December 2009.

Spicejet Limited

Market capitalisation: GBP 182m

7.3% of portfolio

1.8% of company

Spicejet is one of the leading low-cost domestic airlines in India. It operates a fleet of 19 aircraft, having a market share of 12.9% as at 31 December 2009.

For the nine months ended 31 December 2009, the operating revenue was Rs 16,159 million (27% up from the same period last year). It recorded net profit of Rs 340 million against a loss of Rs 3,260 million in the same period in 2008.

The airline reported 77% load factors against 64% reported last year. The drop in fuel cost has also helped the company achieve profits. The load factors have remained strong in 2010 so far and Spicejet is expected to report a profit for its full financial year ending 31 March 2010.

As at 31 December 2009 the company traded at a PE of 52.3x trailing twelve months EPS to 31 December 2009.

Prime Focus Limited

Market capitalisation: GBP 41m

7.1% of portfolio

7.8% of company

The company, which provides post-production services to the film, television and advertising industries, has 12 studios, six in India and six overseas.

For the nine months ended 31 December 2009, operating income declined by 9% over the comparable period in 2008 to Rs 653 million and PAT decreased by 34% for the same period (adjusted for one off items).

The company has restructured its businesses into three verticals (film, advertising and visual effects) with a CEO in charge of each to drive its future growth.

Prime Focus has worked on various Bollywood and Hollywood films during the year. The company has established itself as one of the cutting-edge firms in the visual effects business by producing shots for Avatar and New Moon.

Prime Focus will also partner Warner Bros and Legendary Pictures for 3D on their upcoming film, Clash of the Titans. The film will be converted to 3D in just 10 weeks using Prime Focus' 2D-3D conversion process.

As at 31 December 2009 the company traded at a PE of 17x trailing twelve months EPS to 31 December 2009.

Varun Shipping Limited

Market capitalisation: GBP 113m

6.6% of portfolio

2.6% of company

Varun Shipping is India's largest gas carrying shipping company and a leading midsized LPG

Top 10 portfolio companies (continued)

shipping company worldwide. The company also has a presence in oil and gas anchor handling ships (owning and operating India's largest such vessels) and is the only Indian company to operate exclusively in the higher end double hull ships. In offshore vessels, the company has tied up a long term contract with Reliance Industries (RIL) for one of its large offshore vessels.

For the nine months ended 31 December 2009, the revenues were Rs 5,050 million (31% down from the same period last year). The company posted a profit of Rs 135 million (89% down from the same period last year).

The profit has fallen sharply because of the steep fall (by almost 70%) in freight rates for the crude carriers, which account for more than 25% of revenues. The large offshore vessels have also witnessed a fall in freight rates and utilisation due to the economic downturn. The gas carriers' freight rates have, however, remained relatively stable.

Arihant Foundations and Housing Limited

Market capitalisation: GBP 13m
2.8% of portfolio
9.9% of company

Arihant is amongst the top three real estate construction companies in Chennai with more than 25 years of experience in the industry. Arihant has successfully completed over 40 projects with an accumulative built up area of over 5 million sq. ft. in the last 15 years. The "Arihant" brand is well known and respected in Chennai.

For the nine months ended 31 December 2009, the operating income was Rs 2,030 million (45% down from the same period last year). The company reported a profit of Rs 9 million (91% down from the same period last year). The company does not have a 'land bank' model and focuses on joint development with the land owners. Therefore the company was not over leveraged (unlike most real estate companies which borrowed to buy land parcels) and focused on execution of the projects on hand. It changed it pricing points during the year and focused on volumes and faster conversion of inventory to sales, which resulted in falls in both sales revenue and margins.

The company continues to focus on sale of affordable housing and has seen demand picking up in recent months.

As at 31 December 2009 the company traded at a PE of 56.9x trailing twelve months EPS to 31 December 2009.

Grabal Alok Impex Limited

Market capitalisation: GBP 16m
2.8% of portfolio
7.9% of company

Grabal Alok is engaged in manufacture and sale of embroidered fabrics exported primarily to African countries as well as sold locally in India. Based on projected capacities the company could become one of the largest embroidered fabric manufacturers in Asia next year. The company also has a significant stake in a low cost UK retailer, Store 21.

For the nine months ended 31 December 2009, revenues stood at Rs 1.7 billion (up 77% over the comparable period last year) and PAT stood at Rs 110 million, unchanged from 2008. The upturn in sales was mainly due to a revival in export demand. However part of the revenues came from lower value added product and in consequence the operating margins fell from 34.6% to 26.1%. Store 21 has responded to the cost-cutting initiatives and has achieved breakeven during this financial period. The management expects better profitability in Store 21 going forward.

As at 31 December 2009 the company traded at a PE of 8.4x trailing twelve months EPS to 31 December 2009.

MSK Projects (India) Limited

Market capitalisation: GBP 33m
2.7% of portfolio
3.6% of company

MSK is in the field of construction and infrastructure projects, including roads/highways, bridges, flyovers, industrial construction and urban infrastructure (such as bus terminals, water distribution) under both EPC and BOT models.

Currently the company has nine BOT projects (including roads and bus terminals) where it is collecting toll revenues and has balance concession periods ranging from 7 years to 25 years. Its current EPC order book is Rs 5,500 million executable over a 12-18 months period.

For the nine months ended 31 December 2009, the operating revenue was Rs 3,119 million (an increase of 23% as compared to the same period last year). The company posted a profit of Rs 236 million (an increase of 66%). The rise in revenue is primarily due to the toll revenue which came on stream during the year. The company continues to focus on new bids for BOT projects with pre tax project IRRs of 16%-18%.

As at 31 December 2009 the company traded at a PE of 7.4x trailing twelve months EPS to 31 December 2009.

Conclusion

As noted earlier, David Cornell took over responsibility for the management of the fund in January 2010. Under David's management ICGF's emphasis will remain strictly focused on the mid and small cap sector of the market. It is intended, however, to adopt a more disciplined investment process: identifying medium to long term strategic thematic trends prevalent in the market and exploiting those through selecting companies expected to benefit from those themes. Stocks are initially screened to ensure they meet liquidity requirements before being subject to rigorous analysis of the management and the business model. An EVA approach will be used to assess the extent of shareholder value creation in the context of the current stock market valuation. Whilst ICGF will maintain its core philosophy, a more pragmatic approach to taking profit in stocks that have performed well can be expected.

In the last quarter of 2009 the fund was able to take advantage of strength in the markets to exit some of the lesser liquid positions to raise cash. As at year end the overall level of cash (including short-term debt mutual fund holdings) was 26.7%. It is intended to take advantage of market conditions early in 2010 to invest this cash following the principles discussed above. For the most part it is intended to run a fully invested portfolio.

Outlook

Investors in India in 2010 can take great confidence from the resilient performance of 2009 as the economy continued its recovery path. Growth throughout the year has come in well ahead of expectations and has been achieved in spite of an election that brought the country to a standstill ahead of the results, and a disastrous monsoon. It was the surprising resilience of the consumer, both rural and urban, that contributed to this growth; it is this factor that is most exciting for 2010. Consumer habits are changing, aided by greater accessibility and affordability and these are likely to improve looking forward. In addition we have an unencumbered government in its second year of a five year term and this brings cautious optimism that bold steps towards public sector divestment, re-organisation of the tax structure and liberalisation of the insurance sector will be taken. At a corporate level, however, companies were reluctant to invest in 2009 and we will need evidence that this is changing to hold onto our positive view.

The major concern for the market looking forward is inflation and the speed and severity of the RBI's attempts to quash it. Food is the major culprit, but there is evidence of raw material price pressure and wage inflation creeping back. The RBI has already started to drain liquidity through an increase in the cash reserve ratio, but we await the market's reaction to the first upward move in interest rates since early 2008. Whilst a wobble is inevitable, we are of the view that the first upward move in interest rates is a signal of economic strength, while keeping rates very supportive for growth. This scenario augurs well for Indian stock markets in 2010.

India Investment Partners Limited

8 MARCH 2010

Directors' report

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2009.

The Company

India Capital Growth Fund Limited (the "Company") was registered in Guernsey on 11 November 2005 and is a closed-ended investment company. The Company has two wholly owned Mauritian subsidiaries, ICG Q Limited and ICG U Limited, comprising the "Group". The Company was listed on the Alternative Investment Market of the London Stock Exchange on 22 December 2005.

Investment policy

The Group's investment objective is to provide long-term capital appreciation by investing (directly and indirectly) in companies based in India. The investment policy permits the Group to make investments in a range of Indian equity and equity linked securities and predominantly in listed mid and small cap Indian companies with a smaller proportion in unlisted Indian comp anies. Investment may also be made in large-cap listed Indian companies and in companies incorporated outside India which have significant operations or markets in India. While the principal focus is on investment in listed or unlisted equity securities or equity linked securities, the Group has the flexibility to invest in bonds (including non-investment grade bonds), convertibles and other types of securities. The Group may, for the purposes of hedging and investing, use derivative instruments such as financial futures, options and warrants. The Group may, from time to time, use borrowings to provide short-term liquidity and, if the Directors deem it prudent, for longer term purposes. The Directors intend to restrict borrowings on a longer term basis to a maximum amount equal to 25 per cent. of the net assets of the Group at the time of the drawdown. It is the Group's declared policy not to hedge the exposure to the Indian Rupee.

Results and dividends

The Group's performance during the year is discussed in the Investment Manager's Report on page 4.

The results for the year are set out in the consolidated statement of comprehensive income on page 21.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009.

Substantial interests

Shareholders who at 3 March 2010 held an interest of 3% or more of the Ordinary Share Capital of the Company are stated in Table 1 below:

Table 1: Substantial interests

	NO. SHARES	% HOLDING
Caledonia Investments Plc	17,983,830	23.98
Sofina Multi-Strategy SICAF FIS	5,000,000	6.67
Nortrust Nominees Limited	4,602,690	6.14
Goldman Sachs Securities (Nominees) Limited	4,206,085	5.61
Pershing Nominees Limited	3,986,681	5.32
Rathbone Nominees Limited	3,934,933	5.25
HSBC Global Custody Nominee (UK) Limited	3,076,860	4.10
State Street Nominees Limited	2,509,571	3.35

In addition, the Cayzer Trust Company Limited which has a substantial shareholding in Caledonia Investments Plc holds 2,000,000 shares in the Company (2.67%).

At 3 March 2010, the Manager, India Investment Partners Limited, and connected persons (not elsewhere disclosed) held in aggregate 2,257,111 (3.01%) shares arising principally from the reinvestment of past performance fees in accordance with the management agreement.

So far as the Board is aware the only holdings of warrants which if converted would amount to an interest of 3% or more in the Ordinary Share Capital of the Company are as listed in Table 2.

Table 2: Substantial holdings of warrants

NAMES	HOLDING OF WARRANTS	% OF ENLARGED ORDINARY SHARE CAPITAL IF EXERCISED ASSUMING FULL CONVERSION
Caledonia Investments Plc	3,300,000	3.67%
Chase Nominees Limited	3,160,000	3.51%

Warrants

The first exercise period for warrants to subscribe for Ordinary Shares in the Company at a subscription price of £1.00 per share ran from 23 April 2009 to 21 May 2009. 63 warrants were exercised and the share capital of the Company increased by 63 ordinary shares. At 31 December 2009, 14,999,937 warrants to subscribe for Ordinary Shares in the Company at a subscription price of £1.00 per share were in issue. These are exercisable between the expiry of four weeks and the expiry of eight weeks following the publication of the Company's audited accounts in each of the years 2010 and 2011. The 2010 exercise period will run from 12 April 2010 to 11 May 2010, and due notice was sent to warrantholders on 8 February 2010.

Directors' responsibilities

The Directors are required by The Companies (Guernsey) Law, 2008 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's web site. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors

The names of the directors of the Company are set out on page 1. Micky Ingall, Chairman since the launch of the Company in 2005, died on 28 February 2009. Robin Nicholson served as Acting Chairman with effect from 3 March 2009 until the permanent appointment of Fred Carr on 17 September 2009 as Chairman of the Company.

Directors interests

At 3 March 2010, directors and their immediate families held the following declarable interests in the Company:

	Ordinary Shares	Warrants
Fred Carr	50,000	-
Jamie Cayzer-Colvin	50,000	10,000

Directors interests (continued)

Andrew Maiden is an employee of Northern Trust International Fund Administration Services (Guernsey) Limited, the Administrator and Company Secretary.

Jamie Cayzer-Colvin is a non-executive Director of India Investment Partners Limited, the Investment Manager and also an employee and Director of Caledonia Investments Plc and a non-executive director of Cayzer Trust Company Limited.

The arrangements with the Investment Manager are set out in Note 13.

Auditors

The Auditors, Ernst & Young LLP, have indicated their willingness to continue in office. Accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Corporate governance

The Committee on Corporate Governance published its latest report on the principles of good governance and code of best practice (the "Combined Code", or the "Code") in 2008. The Company is listed on the Alternative Investment Market of the London Stock Exchange, and as such is not required to comply with the Code. However, the Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have therefore adopted the spirit of the Code, and in particular its interpretation in relation to Investment Companies issued by the Association of Investment Companies.

Corporate governance principles

The Board, having reviewed the Code, considers that it has maintained procedures during the year ended 31 December 2009 to ensure that it complies with the spirit of the Code subject to the exceptions explained below and its special circumstances as an offshore company.

Board responsibilities

The Board comprised five non-executive directors. One member of the Board is a non-executive director of the Manager. All other members of the Board are independent of the Manager although one is an employee of the Administrator. None of the Directors has a contract of service with the Company.

The Board generally meets on at least four occasions each year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company.

Chairman, Senior Independent Director and Chief Executive

The Chairman of the Board is Fred Carr. A biography for him and for all other current Directors appears on page 16. In considering the independence of the Chairman, the Board has taken note of the provisions of the Code relating to independence, and has determined that Mr Carr is an Independent Director. As the Chairman is an Independent Director, no appointment of a senior

Table 3: Directors in attendance

	BOARD MEETINGS HELD	BOARD MEETINGS ATTEND	AUDIT COMMITTEE HELD	AUDIT COMMITTEE ATTEND
Fred Carr	1 #	1	-	-
Jamie Cayzer-Colvin	7	6 *	2	2 *
Ashok Dayal	7	7	-	-
Robin Nicholson	7	6	2	2
Andrew Maiden	7	6	-	-

Appointed on 17 September 2009
* *On one occasion represented by an alternate*

Independent Director has been made. The Company has no employees and therefore there is no requirement for a chief executive.

Board meetings, Committee meetings and Directors' attendance

During the year the Directors in attendance at meetings were as listed in Table 3.

Performance evaluation

The Chairman evaluates the performance of each of the Directors on an annual basis, taking into account the effectiveness of their contributions and their commitment to the role. The most recent performance review took place on 4 December 2008. Following the appointment of the new Chairman, the next review is scheduled for March 2010.

Supply of information to the Board

The Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance and compliance. A representative of the Investment Manager attends each Board meeting thus enabling the Board to discuss fully and review the Company's operation and performance. Each Director has direct access to the Company Secretary, and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

Nomination committee

The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board. The Board will determine whether in future an external search consultancy or open advertising is used in the appointments of non-executive Directors.

Directors' remuneration

The level of Directors' fees is determined by the whole Board on an annual basis and therefore a separate Remuneration Committee has not been appointed. When considering the level of Directors' remuneration the Board considers the industry standard and the level of work that is undertaken. Since all Directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive directors' remuneration. Directors' fees are disclosed fully in each Annual Report. The basic fee payable to the Chairman is £25,000 p.a. and £15,000 p.a. to each other Director. None of the Directors had a service contract with the Company during the year and accordingly a Director is not entitled to any minimum period of notice or to compensation in the event of their removal as a Director.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements since the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Internal control

The Board is responsible for establishing and maintaining the Company's system of internal control and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board considers on an ongoing basis the process for identifying, evaluating and managing any significant risks faced by the Company. The process includes reviewing reports from the Company Secretary and the Investment Manager on risk control and compliance, in conjunction with the Investment Manager's regular reports which cover investment performance.

The Board has contractually delegated to external parties various functions as listed below. The duties of investment management, accounting and custody are segregated. Each of the contracts entered into with the parties was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation as far as they relate to the affairs of the Company.

- Investment Management is provided by India Investment Partners Limited, a company authorised and regulated in the United Kingdom by the Financial Services Authority.
- Administration and Company Secretarial duties are performed by Northern Trust International Fund Administration Services (Guernsey) Limited, a company licensed and regulated by the Guernsey Financial Services Commission.

- Custody of assets is undertaken by the HSBC Group.

Audit committee

The Company's Audit Committee is comprised of Messrs Cayzer-Colvin and Nicholson. The audit committee has the following remit: to meet bi-annually and to consider, inter-alia: (a) annual and interim financial statements; (b) auditor reports; (c) terms of appointment and remuneration for the auditors (including overseeing the independence of the auditors particularly as it relates to the provision of non-audit services); and (d) to review in detail the risk controls for the Company and its principal service providers. The Board is satisfied that the Audit Committee contains members with sufficient recent and relevant financial experience.

Dialogue with shareholders

The Investment Manager and the Corporate Broker maintain regular dialogue with institutional shareholders, feedback from which is reported to the Board. In addition, Board members are available to answer shareholders' questions at any time, and specifically at the Annual General Meeting. The Company Secretary is available to answer general shareholder queries at any time during the year.

Investment management

The Investment Manager is entitled to receive a management fee payable jointly by the Company and the Mauritian subsidiaries equivalent to 1.5 per cent. per annum of the Company's Total Assets, calculated and payable monthly in arrears.

The Investment Manager is also entitled to receive a semi-annual performance related fee from the Company if the Net Asset Value per Share at the end of the half-year performance period (a) exceeds the Net Asset Value per Share at the start of the performance period by an annualised, annually compounded, rate of more than 10 per cent. (the "Performance Hurdle") and (b) exceeds by an annualised, annually compounded, rate of more than 10 per cent. of the highest previously recorded Net Asset Value per Share at the end of the performance period in respect of which a performance fee was last paid (the High Water Mark). The performance fee will be an amount equal to 20 per cent. of the aggregate increase in the Net Asset Value above the High Water Mark. 50 per cent. of any performance fee payable (net of all attributable taxes) is required to be reinvested in Ordinary Shares. Details of performance fees paid, and of shares acquired by the Manager and related parties is set out in Note 13. At 31 December 2009, the High Water Mark was 210.91 pence per share.

The Board reviews on an ongoing basis the performance of the Investment Manager and considers whether the investment strategy utilised is likely to achieve the Company's investment objective. Having considered the portfolio performance and investment strategy, the Board has unanimously agreed that the interests of the shareholders as a whole are best served by the continuing appointment of the Investment Manager on the terms agreed.

The Investment Management Agreement shall continue in force until determined by the Investment Manager or the Company giving to the other party hereto not less than 12 months notice.

Approved by the Board of Directors and signed on behalf of the Board on 8 March 2010.

Fred Carr
Andrew Maiden
Directors

8 MARCH 2010

Directors

The Directors, all of whom are non-executive, are as follows:

Fred Carr (Chairman)

Aged 65, was appointed to the Board as Chairman on 17 September 2009. He spent his career in stockbroking and investment management, ultimately (1993-2004) as Chief Executive of Carr Sheppards Crosthwaite. He is Chairman of M&G High Income Investment Trust plc and a director of SVM UK Active Fund plc, Investec Capital Accumulator Trust Limited and a number of private companies. He is also a consultant to Investec Bank (UK) Limited. He is a Fellow of the Chartered Institute for Securities & Investment and is resident in the UK.

Jamie Cayzer-Colvin

Aged 44, joined the Caledonia Investments Plc group in 1995, initially working at its specialty chemical subsidiary, Amber Industrial, before becoming an investment executive at Caledonia in 1999. He was appointed an associate director in 2002 and a director in April 2005. He is chairman of Amber Industrial and a non-executive director of Close Brothers, Polar Capital and a number of other private companies. He is resident in the UK.

Ashok Dayal

Aged 72, has had 38 years experience in banking in India and supervising a major banking business in India from bases in Hong Kong, London and Singapore. During his last eight years in banking he was executive director, Deutsche Bank AG, regional head office in Singapore. Prior to joining Deutsche Bank AG, he was a managing director of Grindlays Bank plc based in London and, immediately before that, regional director of Grindlays based in Mumbai. Since his return to India, Mr Dayal has worked as a management consultant and is currently an independent director with companies such as Glaxo Smithkline Consumer Healthcare, Abbot India and Akzo Nobel Coatings. He is resident in India.

Andrew Maiden

Aged 29, is a Vice President at Northern Trust International Fund Administration Services (Guernsey) Limited. He has specialised in administration of open and closed ended investment funds, property funds and private equity funds, having been in the offshore fund administration industry since 1997. He holds a number of board appointments in other investment companies including the Company's subsidiaries. He is resident in Guernsey.

Robin Nicholson

Aged 54, qualified as a solicitor in England and Wales in 1980 and in Hong Kong in 1982. He was a senior partner at Richards Butler from 1985 to 2001. He was a senior advisor to the board of directors of PCCW Limited between 2001 and 2003. He is an independent non-executive director of Pacific Basin Shipping Limited and QPL International Holdings Limited. He is an executive director of First Pacific Company Limited, a Hong Kong based listed investment and management company. He also serves as a commissioner of First Pacific Company Limited's subsidiary in Indonesia, PT Indofood Sukses Makmur TbK and is a director of Philex Mining Corporation in the Philippines. He is resident in Hong Kong.

Independent auditors' report

To the members of India Capital Growth Fund Limited

We have audited the group's consolidated financial statements for the year ended 31 December 2009 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated statement of cash flows and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Guernsey law as set out in the statement of directors' responsibilities, in the directors' report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records, the financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the management and administration, chairman's statement, investment manager's report, directors' report, directors, principal group investments and portfolio statement. We consider the implications for our report if we become aware of any apparent misstatements or any material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the group's affairs as at 31 December 2009, and of its profit for the year then ended, and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Ernst & Young LLP | Guernsey, Channel Islands

8 MARCH 2010

Notes:

The maintenance and integrity of the India Capital Growth Fund web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal group investments

As at 31 December 2009

HOLDING	TYPE	SECTOR	VALUE £000'S	% OF PORTFOLIO
S Kumars Nationwide Limited	Mid Cap	Textiles	5,417	12.12
Marwadi Shares and Finance Limited	Unlisted	Financial services	4,275	9.57
Bilcare Limited	Small Cap	Pharmaceutical services & packaging	3,834	8.58
ICSA India Limited	Small Cap	Process controls	3,297	7.38
SpiceJet Limited	Mid Cap	Airlines	3,247	7.27
Prime Focus Limited	Small Cap	Media	3,181	7.12
Varun Shipping Limited	Small Cap	Shipping	2,969	6.64
Arihant Foundations and Housing Limited	Small Cap	Housing & Construction	1,268	2.84
Grabal Alok Impex Limited	Small Cap	Textiles	1,266	2.83
MSK Projects (India) Limited	Small Cap	Housing & Construction	1,178	2.64
Total top 10 equity investments			29,932	66.99
Other Small Cap	(4 companies)		2,826	6.32
Other Unlisted	(1 company)		-	-
Total equity investments			32,758	73.31
Debt mutual funds			10,636	23.80
Cash and other net current assets			1,292	2.89
Total Portfolio			**44,686**	**100.00**

Portfolio statement

As at 31 December 2009

HOLDING	NOMINAL	VALUE £000'S	% OF PORTFOLIO
Listed securities			
Airlines			
SpiceJet Limited	4,312,820	3,247	7.27
		3,247	7.27
Engineering/other manufacturing			
Hindustan Dorr-Oliver Limited	524,524	1,176	2.63
		1,176	2.63
Housing & construction			
Arihant Foundations and Housing Limited	694,500	1,268	2.84
MSK Projects (India) Limited	819,726	1,178	2.64
		2,446	5.48
IT			
IT People India Limited	5,132,952	478	1.07
		478	1.07
Media			
IOL Netcom Limited	1,915,744	799	1.79
Prime Focus Limited	995,286	3,181	7.12
		3,980	8.91
Pharmaceutical services & packaging			
Bilcare Limited	541,566	3,834	8.58
		3,834	8.58
Process controls			
ICSA India Limited	1,375,930	3,297	7.38
		3,297	7.38
Retail			
Brandhouse Retails Limited	1,003,344	373	0.83
		373	0.83
Shipping			
Varun Shipping Limited	3,955,063	2,969	6.64
		2,969	6.64

Portfolio statement (continued)

As at 31 December 2009

HOLDING	NOMINAL	VALUE £000'S	% OF PORTFOLIO
Textiles			
Grabal Alok Impex Limited	1,735,194	1,266	2.83
S Kumars Nationwide Limited	9,496,847	5,417	12.12
		6,683	14.95
Total listed securities		**28,483**	**63.74**
Unlisted Securities			
Financial services			
Marwadi Shares and Finance Limited	1,680,976	4,275	9.57
IT			
CitiXsys Technologies Private Limited	817,650	–	–
Total unlisted securities		**4,275**	**9.57**
Debt Mutual Funds			
Fortis Money Plus Fund		5,321	11.91
Reliance Money Manager Fund		5,315	11.89
Total debt mutual funds		**10,636**	**23.80**
Total investments		**43,394**	**97.11**
Cash and other net current assets		**1,292**	**2.89**
Total Portfolio		**44,686**	**100.00**

Consolidated statement of comprehensive income

As at 31 December 2009

	NOTES	REVENUE £000	CAPITAL £000	YEAR TO 31.12.09 TOTAL £000	YEAR TO to 31.12.08 TOTAL £000
Income					
Fixed deposit interest		1	-	1	150
Bank interest income		1	-	1	16
Investment income		292	-	292	553
		294	**-**	**294**	**719**
Net gains/(losses) on financial assets at fair value through profit or loss					
Market movements	2	-	19,746	19,746	(103,617)
Foreign exchange movements	2	-	(6,328)	(6,328)	13,289
		-	**13,418**	**13,418**	**(90,328)**
Total income		**294**	**13,418**	**13,712**	**(89,609)**
Expenses					
Management fee	13	(535)	-	(535)	(849)
Cost of acquisition and disposal of investments		-	(31)	(31)	(160)
Foreign exchange (losses)/gains		(153)	(8)	(161)	187
Other expenses	3	(450)	-	(450)	(441)
Total expenses		**(1,138)**	**(39)**	**(1,177)**	**(1,263)**
Profit/(loss) for the year before taxation		(844)	13,379	12,535	(90,872)
Taxation	6	-	-	-	(17)
Profit/(loss) for the year after taxation		**(844)**	**13,379**	**12,535**	**(90,889)**
Earnings/(loss) per Ordinary Share – Basic (pence)	4			16.71	(121.19)
Earnings/(loss) per Ordinary Share – Diluted (pence)	4			16.71	(121.19)

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All the items in the above statement derive from continuing operations.

The notes on pages 25 to 35 form part of these financial statements.

India Capital Growth Fund

Consolidated statement of changes in equity

For the year ended 31 December 2009

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE REALISED £000	CAPITAL RESERVE UNREALISED £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2009		750	2,689	(43,073)	(1,092)	72,877	32,151
Gain/(loss) on investments	2	-	(18,283)	38,029	-	-	19,746
Revenue loss for the year after taxation (excluding foreign exchange losses)		-	-	-	(844)	-	(844)
Cost of acquisition and disposal of investments		-	(29)	(2)	-	-	(31)
(Loss)/gain on foreign currency		-	2,436	(8,772)	-	-	(6,336)
Balance as at 31 December 2009		**750**	**(13,187)**	**(13,818)**	**(1,936)**	**72,877**	**44,686**

For the year ended 31 December 2008

	NOTES	SHARE CAPITAL £000	CAPITAL RESERVE REALISED £000	CAPITAL RESERVE UNREALISED £000	REVENUE RESERVE £000	OTHER DISTRIBUTABLE RESERVE £000	TOTAL £000
Balance as at 1 January 2008		750	(2,729)	52,713	(571)	72,877	123,040
(Loss)/gain on investments	2	-	6,813	(110,430)	-	-	(103,617)
Revenue loss for the year after taxation (excluding foreign exchange losses)		-	-	-	(521)	-	(521)
Cost of acquisition and disposal of investments		-	(70)	(90)	-	-	(160)
Gain/(loss) on foreign currency		-	(1,325)	14,734	-	-	13,409
Balance as at 31 December 2008		**750**	**2,689**	**(43,073)**	**(1,092)**	**72,877**	**32,151**

The notes on pages 25 to 35 form part of these financial statements.

Consolidated statement of financial position

For the year ended 31 December 2009

	NOTES	31.12.09 £000	31.12.08 £000
Non-current assets			
Financial assets designated at fair value through profit or loss	5	43,394	28,915
Current assets			
Cash and cash equivalents		1,434	3,431
Receivables	7	10	8
		1,444	3,439
Current liabilities			
Payables	8	(152)	(203)
Net current assets		1,292	3,236
Total assets less current liabilities		44,686	32,151
Equity			
Ordinary share capital	10	750	750
Reserves		43,936	31,401
Total equity		44,686	32,151
Number of Ordinary Shares in issue		75,000,063	75,000,000
Undiluted Net Asset Value per Ordinary Share (pence)		**59.58**	**42.87**
Fully diluted Net Asset Value per Ordinary Share (pence)		**59.58**	**42.87**

The audited financial statements on pages 21 to 35 were approved by the Board of Directors on 8 March 2010 and signed on its behalf by:-

Fred Carr
Andrew Maiden
Directors

8 MARCH 2010

The notes on pages 25 to 35 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2009

	YEAR TO 31.12.09 £000	YEAR TO 31.12.08 £000
Cash flows from operating activities		
Investment income	292	554
Fixed deposit interest	1	150
Bank interest	1	19
Management fee	(519)	(975)
Performance fee	-	(7,654)
Other cash payments	(498)	(422)
Net cash outflow from operating activities	**(723)**	**(8,328)**
Cash flows from investing activities		
Purchase of investments	(10,962)	(40,249)
Sale of investments	9,872	42,157
Transaction charges relating to the purchase and sale of investments	(31)	(160)
Net cash (outflow)/inflow from investing activities	**(1,121)**	**1,748**
Net decrease in cash and cash equivalents during the year	(1,844)	(6,580)
Cash and cash equivalents at the start of the year	3,431	9,944
Exchange (losses)/gains on cash and cash equivalents	(153)	67
Cash and cash equivalents at the end of the year	**1,434**	**3,431**

The notes on pages 25 to 35 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2009

1. Accounting Policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). IFRS require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The most significant estimates relate to the valuation of unlisted investments. Actual results may differ from these estimates. Where presentational guidance set out in the Statement of Recommended Practice (SORP) for Investment Trusts issued by the Association of Investment Companies (AIC) in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. In particular, supplementary information which analyses the statement of comprehensive income between items of a revenue and capital nature has been presented alongside the consolidated statement of comprehensive income.

Basis of preparation

The consolidated financial statements for the year ended 31 December 2009 have been prepared under the historical cost convention adjusted to take account of the revaluation of the Group's investments to fair value.

Presentation of financial statements

The accounting policies adopted are consistent with those of the previous financial year except as detailed below:

- IAS 1 (revised 2007) is effective for annual periods beginning on or after 1 January 2009. The revised standard has introduced a number of terminology changes including revised titles for the financial statements. However, the revised standard has had no impact on the reported results or financial position of the Group.
- The Company has also adopted the following amendment: IFRS 7: Financial Instruments - Disclosures. The amendments to IFRS 7 were issued by the IASB in March 2009 and became effective for annual periods beginning on or after 1 January 2009. The Company has adopted these amendments with effect from 1 January 2009.

  The amendment to IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:
  - Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1)
  - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
  - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).
- IFRS 8 Operating Segments requires disclosure of information about the Company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. For management purposes, the Company is organised into a single segment. The Company determined that this operating segment was the same as the business segment previously identified under IAS 14 Segment Reporting.

Basis of consolidation

Subsidiaries (ICG Q Limited and ICG U Limited) are consolidated in full from the date of acquisition, being the date on which the Group obtained control and will continue to do so until such control ceases. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

1. Accounting policies (continued)

Income

Income including bank interest and fixed deposit interest is accounted for on an accruals basis. Dividends receivable are classified as investment income and taken to the statement of comprehensive income when the relevant security is quoted ex-dividend.

Expenses

Expenses are accounted for on an accruals basis. Expenses incurred on the acquisition or disposal of investments at fair value through profit or loss are allocated to the capital column of the statement of comprehensive income. Performance fees are also allocated to Capital, as are exchange differences arising on acquisition or disposal of investments in foreign currencies. Other expenses including management fees, are allocated to the revenue column of the statement of comprehensive income.

Taxation

Full provision is made in the statement of comprehensive income at the relevant rate for any taxation payable in respect of the results for the year.

Investments

All of the Group's investments are designated at fair value through profit or loss at the time of acquisition. They are initially recognised at fair value, being the cost incurred in their acquisition. Transaction costs are expensed in the statement of comprehensive income. Gains and losses arising from changes in fair value are presented in the statement of comprehensive income in the period in which they arise.

Investments are designated at fair value through profit or loss at inception because they are managed and their performance evaluated on a fair value basis in accordance with the Group's investment strategy as documented in the Admission Document, and information thereon is evaluated by the management of the Group on a fair value basis.

Purchases and sales of listed investments are recognised on trade date, and those for unlisted investments are recognised when the associated contract becomes unconditional.

Direct Indian equity investments are valued at closing market prices on either the Bombay Stock Exchange or the National Stock Exchange (whichever is the primary market for the security in question).

Participatory notes are valued at the closing market bid prices published by the issuer. Investments listed on other exchanges are valued at closing market bid prices on the relevant exchange.

Investments in debt mutual funds which have active markets and where daily pricing and daily dealing is available are treated as listed investments and are valued at the Dealing Price (Net Asset Value) published by the issuer.

Unlisted investments are valued at the Directors' estimate of their fair value in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' and guidelines issued by the International Private Equity and Venture Capital Association. The Directors' estimates are based on an assessment of the available financial information on the underlying company, including a discounted cash flow appraisal and comparisons with the valuations of comparable listed companies, but taking account of the unlisted status.

Foreign currency translation

The Board has determined that the functional currency for the Group is Sterling. Sterling is also the presentation currency of the financial statements.

Foreign currency assets and liabilities, including investments at fair value through profit or loss, are translated into Sterling at the rate of exchange ruling at the statement of financial position date. Investment transactions and income and expenditure items are translated at the rate of exchange ruling at the date of the transactions. Gains and losses on foreign exchange are included in the statement of comprehensive income.

For the year ended 31 December 2009

1. Accounting policies (continued)

Cash and cash equivalents

Cash comprises cash in hand, overdrafts and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant changes in value.

Standards, interpretations and amendments to published statements not yet effective

Certain current standards, amendments and interpretations are not relevant to the Group's operations. Equally, certain interpretations to existing standards which are not yet effective are equally not relevant to the Group's operations. At the date of the authorisation of these financial statements, the standards and interpretations which were in issue but not yet effective have not been early adopted in these financial statements.

The Directors believe that other pronouncements which are in issue but not yet operative or adopted by the Group will not have a material impact on the financial statements of the Company, but these will continue to be reviewed.

2. Net gain/(loss) on financial assets designated at fair value through profit or loss

	Year to 31.12.09 £000	Year to 31.12.08 £000
Realised (loss)/gain		
Proceeds from sales of investments during the year	9,872	38,969
Original cost of investments sold during the year	(25,711)	(33,601)
(Loss)/gain on investments sold during the year	(15,839)	5,368
Market (loss)/gain	(18,283)	6,813
Foreign exchange gain/(loss)	2,444	(1,445)
Unrealised market gain/(loss)		
Previously recognised unrealised loss/(gain) now realised	22,015	(25,319)
Current period market gain/(loss)	16,014	(85,111)
Market gain/(loss)	38,029	(110,430)
Unrealised market gain/(loss) of listed securities	36,217	(108,555)
Unrealised market gain/(loss) of unlisted securities	1,812	(1,875)
Unrealised foreign exchange (loss)/gain		
Previously recognised unrealised foreign exchange (gain)/loss now realised	(4,578)	1,475
Current period foreign exchange (loss)/gain	(4,194)	13,259
	(8,772)	14,734
Net gain/(loss) on financial assets designated at fair value through profit or loss	13,418	(90,328)

2. Net gain/(loss) on financial assets designated at fair value through profit or loss (continued)

Foreign exchange gains and losses are measured between the currency of denomination of the investment and the functional currency (Pounds Sterling).

Investments in participatory notes are denominated in US Dollars, even though the underlying exposure is in Indian Rupees, and consequently in relation to these investments the foreign exchange gains/losses reported above reflect movements between the US Dollar and the Pound Sterling. Any currency effect arising as a result of movements in rates between the US Dollar and the Indian Rupee is reported as part of market gains/losses since it is reflected in the price of the participatory note. The amount of market gain in the year which is attributable to currency movements between the US Dollar and the Indian Rupee is approximately £217,000 (2008 - loss of £1,907,000). During the year, certain participatory note holdings were converted to direct holdings of the underlying securities. These conversions were effected by way of a sale of the participatory note and a simultaneous purchase of the underlying security and accounted for accordingly. The rollover of a participatory note into a new note on maturity is accounted for similarly.

3. Other expenses

	Year to 31.12.09 £000	Year to 31.12.08 £000
Revenue		
Directors' fees (note 13)	67	85
D&O insurance	16	16
Administration and secretarial fees (note 13)	122	120
Audit fee	47	38
Custody fees	24	26
Other advisory services	48	49
Warrant exercise period expenses	10	-
General expenses	116	107
	450	441

4. Earnings/(loss) per share

Basic earnings per Ordinary Share is calculated on the profit for the year of £12,535,000 (2008 - loss of £90,889,000) divided by the weighted average number of shares of 75,000,037 (2008 - 75,000,000). Diluted earnings per Ordinary Share is calculated on the basis that the 14,999,937 (2008 - 15,000,000) warrants in issue were exercised at the start of the year with the proceeds of £14,999,937 (2008 - £15,000,000) being used to repurchase Ordinary Shares at the average market price during the year. For both 2009 and 2008, the diluted earnings per Ordinary Share is equal to the basic earnings per Ordinary Share because the average share price during the year is less than the consideration which would be receivable for the potential Ordinary Shares, therefore having no dilutive effect.

5. Financial assets designated at fair value through profit or loss

	Year to 31.12.09 Listed £000	Year to 31.12.09 Unlisted £000	Year to 31.12.09 Total £000	Year to 31.12.08 Total £000
Cost as at 1 January	67,123	4,234	71,357	64,681
Purchases	10,934	-	10,934	40,277
Sales	(9,872)	-	(9,872)	(38,969)
Transfer from unlisted to listed *	393	(393)	-	-
Realised (loss)/gain on sales of investments	(15,839)	-	(15,839)	5,368
Cost at end of year	52,739	3,841	56,580	71,357
Unrealised loss on revaluation	(18,443)	(89)	(18,532)	(56,560)
Unrealised foreign exchange gain on revaluation	4,823	523	5,346	14,118
Fair value at end of year	**39,119**	**4,275**	**43,394**	**28,915**
Fair value of listed securities at end of the year			39,119	25,598
Fair value of unlisted securities at end of the year			4,275	3,317

** The transfer from unlisted to listed represents the cost attributed to the demerged part of a listed group, where the demerger took place in 2008, but the listing of the shares in the demerged company only became effective on 27 March 2009.*

Equity investments are held as direct equity holdings or as participatory notes. Surplus cash in Indian Rupees is invested in readily realisable debt mutual funds.

	Listed £000	Unlisted £000	31.12.09 Total £000	31.12.08 Total £000
Equities	22,327	4,275	26,602	24,902
Participatory notes	6,156	-	6,156	4,013
Debt mutual funds	10,636	-	10,636	-
	39,119	**4,275**	**43,394**	**28,915**

The fair value of material holdings in unlisted investments is based on discounted cash flow appraisal benchmarked to price and earnings data of comparable quoted companies. The discounted cash flow method requires the use of non-observable inputs such as weighted average cost of capital (13.7%; 2008 - 12.5%), terminal growth rate (4%; 2008 - 4%) and a discount rate to take account of illiquidity (30%; 2008 - 30%). The underlying cash flows are based on a range of possible outcomes to which a probability distribution analysis is applied. The latter is based on a matrix of market strength and performance relative to market using probabilities of strong, steady and weak markets of 10%, 45% and 45% respectively (2008 - 2.5%, 7.5% and 90%) and strong, steady and weak performance relative to market of 25%, 50% and 25% respectively (2008 - 2.5%, 7.5% and 90%).

6. Taxation

Guernsey

India Capital Growth Fund Limited is exempt from taxation in Guernsey. In connection with granting such an exemption, the Company pays an annual fee of £600 to the States of Guernsey Income Tax Department.

Mauritius

ICG Q Limited and ICG U Limited are centrally managed and controlled from Mauritius and are hence tax resident in Mauritius. The companies invest in India and the Directors expect to obtain benefits under the double taxation treaty between Mauritius and India. To obtain benefits under the double taxation treaty, they must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The companies have obtained a tax residence certification from the Mauritian authorities and believe such certification is determinative of its resident status for treaty purposes.

ICG Q Limited and ICG U Limited are subject to income tax in Mauritius on net income which excludes realised and unrealised capital gains and related expenditure at 15 per cent. (2008: 15 per cent.). However, the companies are entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80 per cent. of the Mauritius tax on foreign source income.

The foregoing is based on current interpretation and practice and is subject to any future changes in tax laws and in the tax treaty between India and Mauritius.

India

A company which is tax resident in Mauritius under the treaty, but has no branch or permanent establishment in India, will not be subject to capital gains tax in India on the sale of securities.

7. Receivables

	31.12.09 Total £000	31.12.08 Total £000
Other receivables and prepayments	10	8
	10	**8**

8. Payables

	31.12.09 Total £000	31.12.08 Total £000
Purchases of investments awaiting settlement	-	28
Taxation	-	18
Management fee	57	41
Other creditors	95	116
	152	**203**

9. Segmental information

The Board has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Group's activities form a single segment under the standard. From a geographical perspective, the Group's investments are focused in a single area - India. Equally, in relation to business segmentation, the Group's investments are predominantly in the mid and small cap arena and it is considered that given the relative illiquidity of the listed market for such investments, particularly since many remain controlled by the promoter groups, the risks and rewards are not materially different whether the investments are listed or unlisted. Assessment of performance by the Board and investment decisions by the Manager are made on the basis of the portfolio as a whole. An analysis of the investments between listed and unlisted is however provided in note 5 as required by the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC.

10. Share capital

Authorised Share Capital	£000
Unlimited number of Ordinary Shares of £0.01 each (At 31 December 2009)	-
125,000,000 Ordinary Shares of £0.01 each (At 31 December 2008)	1,250

Issued Share Capital	Number of shares	Share capital £000
Ordinary Shares of £0.01 each At 31 December 2009	75,000,063	750
At 31 December 2008	75,000,000	750

The Company's capital is represented by Ordinary Shares of par value £0.01, and each share carries one vote. They are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue or repurchase of Ordinary Shares.

The first exercise period for warrants to subscribe for Ordinary Shares in the Company at a subscription price of £1.00 per share ran from 23 April 2009 to 21 May 2009. 63 warrants were exercised and the share capital of the Company increased by 63 ordinary shares. At 31 December 2009, 14,999,937 warrants to subscribe for Ordinary Shares in the Company at a subscription price of £1.00 per share were in issue. These are exercisable between the expiry of four weeks and the expiry of eight weeks following the publication of the Company's audited accounts in each of the years 2010 and 2011.

The Company adopted a new Memorandum and Articles of Incorporation on 9 June 2009. The Company is now permitted to issue an unlimited number of Ordinary Shares of par value £0.01 each.

11. Fair value of financial instruments

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

11. Fair value of financial instruments (continued)

				31 December 2009
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equity investments	28,483	-	4,275	32,758
Debt mutual funds	10,636	-	-	10,636
Financial assets designated at fair value through profit or loss	**39,119**	**-**	**4,275**	**43,394**

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and end of the year.

		Year to 31.12.09 £000
Opening balance		3,317
Unrealised gain on revaluation	1,626	
Unrealised foreign exchange loss	(327)	
Total gains and losses in profit or loss		1,299
Transfer out of level 3		(341)
Closing balance		**4,275**

On 27 March 2009, following the listing of Brandhouse Retails Limited on the Bombay Stock Exchange, the company was reclassified from Level 3 to Level 1.

12. Financial instruments and risk profile

The primary objective of the India Capital Growth Fund Limited is to provide long-term capital appreciation by investing predominantly in companies based in India. The investment policy permits the Group to make investments in a range of equity and equity linked securities of such companies. The Group's portfolio of investments is predominantly in listed mid and small cap Indian companies and a smaller proportion in unlisted Indian companies. While the principal focus is on investments in listed or unlisted equity securities or equity-linked securities, the Group has the flexibility to invest in bonds, convertibles and other type of securities.

The specific risks arising from the Group's exposure to these instruments and the Investment Manager's policies for managing these risks, which have been applied throughout the year, are summarised below:

Capital management

The Company is a closed-ended investment company, and thus has a fixed capital for investment. It has no legal capital regulatory requirement. The Board has the power to purchase shares for cancellation, and thus reduce capital, and the Board considers on a regular basis whether it is appropriate to exercise such powers. In the year ended 31 December 2009, the Board determined that it was inappropriate to exercise such powers, although continuation of these powers will be sought at the Annual General Meeting. The Board also considers from time to time whether it may be appropriate to raise new capital by a further issue of shares. The raising of new capital would however be dependent on there being genuine market demand.

12. Financial instruments and risk profile (continued)

Market price risk

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the Group. It represents the potential loss the Group may suffer through holding market positions in the face of price movements.

The Group's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objectives and policies, and in adherence to the investment guidelines and the investment and borrowing powers set out in the Admission Document. The Group's equity investment portfolio is concentrated and, as at 31 December 2009, comprised investment in 15 companies. The Group thus has higher exposure to market risk in relation to individual stocks than more broadly spread portfolios.

The Group invests in companies based in India where the regulatory framework is still developing. The value of investments made by the Group may be affected by foreign exchange rates and controls, interest rates, changes in Government policy, social and civil unrest, and other political, economic and other developments affecting India.

The Group's portfolio consists mainly of mid and small cap listed and unlisted Indian securities, and thus the effect of market movements is not closely correlated with the principal market index, the BSE Sensex. The BSE Small-Cap index provides a better (but not ideal) indicator of the effect of market price risk on the portfolio, however the Group's investments are concentrated and do not reflect the over 450 companies in that index. Even so, the sensitivity of the Group to market price risk can be approximated by applying the percentage of funds invested (2009: 73.31%; 2008: 89.93%) to any movement in the BSE Small-Cap index. At 31 December 2009 this approximation would produce a movement in the net assets of the Group of £3,276,000 (2008: £2,890,000) for a 10% (2008: 10%) movement in the index.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the financial instruments held by the Group will fluctuate because of changes in foreign exchange rates. The Group's portfolio comprises predominantly Rupee denominated investments but reporting, and in particular the reported Net Asset Value, is denominated in Sterling. Any appreciation or depreciation in the Rupee would have an impact on the performance of the Group. Certain of the Group's investments (in particular the participatory notes) are denominated in US Dollars but the underlying currency risk in relation to these investments is the Rupee. The Group's policy is not to hedge the Rupee exposure. Any exposure to the US Dollar arising from transactions denominated in that currency is closed out as soon as is reasonably practicable.

The Group may enter into currency hedging transactions but appropriate mechanisms on acceptable terms are not expected to be readily available.

At 31 December 2009, if the Indian Rupee had strengthened or weakened by 5% (2008: 5%) against Sterling with all other variables held constant, pre-tax profit for the year would have been £2,100,000 (2008: £1,494,000) higher or lower, mainly as a result of foreign exchange gains or losses on translation of Indian Rupee denominated financial assets designated at fair value through profit or loss, trade receivables and payables and Indian Rupee denominated bank accounts.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Group. Credit risk in relation to securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are effected against binding subscription agreements.

12. Financial instruments and risk profile (continued)

The principal credit risks for the Group are in relation to deposits with banks and to the holdings of Participatory Notes, the latter being principal obligations of HSBC Bank plc. The HSBC group also acts as the principal banker to the Group, and as custodian of its assets. The securities held by HSBC as custodian are held in trust and are registered in the name of the relevant Group subsidiary company (normally ICG Q Limited). The aggregate exposure to the HSBC group (excluding assets in custody) at 31 December 2009 was £7,590,000 (2008: £7,445,000), of which £6,613,000 (2008: £4,934,000) was to HSBC Bank plc (including Participatory Notes of value £6,156,000 (2008: £4,013,000)). HSBC Bank plc has a credit rating of AA.

In addition, there is an underlying credit risk in relation to the holdings of debt mutual funds of £10,636,000 (2008: £Nil), whose underlying assets contain cash at banks, certificates of deposit and corporate bonds. The spread of investments within these funds is sufficiently wide and the credit ratings of the underlying banks and issuers sufficiently high that these are not considered to represent a material credit risk to the Group.

Interest rate risk

Interest rate risk represents the uncertainty of investment return due to changes in the market rates of interest. The direct effect of movements in interest rates is not material as any surplus cash is predominantly in Indian Rupees, and foreign investors are not permitted to earn interest on Rupee balances.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. As the trading volume on the Indian Stock Market is lower than that of more developed stock exchanges the Group is likely to be invested in relatively illiquid securities. The Group's unlisted securities are even less liquid and may not be realisable until a third party investor is found. Unlisted securities represent 9.57% (2008: 10.32%) of the portfolio. The Group's focus is to invest predominantly in mid and small cap stocks. For many of these there is relatively little market liquidity. As with unlisted securities these investments may take time to realise.

As an approximate indicator of the underlying liquidity in the listed securities in the portfolio, based on the average daily volumes of trades in each security reported by the two principal stock exchanges (the Bombay Stock Exchange and the National Stock Exchange) in the last quarter of the year, the portfolio holdings represented between 1.1 and 491 days trading (2008: 0.4 to 792 days), with the average, weighted by the percentage of the total portfolio, being 36.6 days (2008: 48.3 days). It has been the Group's policy generally to hold material stakes in investee companies. In the event of a decision to liquidate a holding, actual liquidity may be achieved faster by negotiation of block deals.

13. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Directors are responsible for the determination of the investment policy of the Group and have overall responsibility for the Group's activities.

Jamie Cayzer-Colvin is a non-executive Director of the investment manager, India Investment Partners Limited.

Directors' fees are disclosed fully in each Annual Report. The basic fee payable to the Chairman is £25,000 p.a. and £15,000 p.a. to each other Director (note 3).

The Investment Manager is entitled to receive a management fee payable jointly by the Company and its subsidiaries equivalent to 1.5 per cent. per annum of the Group's Total Assets, calculated and payable monthly in arrears. The Investment Manager earned £535,000 (2008: £849,000) for

13. Related party transactions (continued)

management fees during the year ended 31 December 2009 of which £57,000 (2008: £41,000) was outstanding at 31 December 2009.

The Investment Manager is also entitled to receive a semi-annual performance related fee from the Company if the Net Asset Value per Share at the end of the half-year performance period (a) exceeds the Net Asset Value per Share at the start of the performance period by an annualised, annually compounded, rate of more than 10 per cent. (the "Performance Hurdle") and (b) exceeds by an annualised, annually compounded, rate of more than 10 per cent. the highest previously recorded Net Asset Value per Share at the end of the performance period in respect of which a performance fee was last paid (the "High Water Mark"). At 31 December 2009, the High Water Mark was 210.91 pence per share.

The performance fee is an amount equal to 20 per cent. of the aggregate increase in the Net Asset Value above the High Water Mark. 50 per cent. of any performance fee payable (net of all attributable taxes) is required to be reinvested in Ordinary Shares purchased in the market (if Ordinary Shares are trading at a discount to NAV) or by subscription for new shares at NAV (if the Ordinary Shares are trading at a premium). No performance fee was paid in respect of the year ended 31 December 2009 (2008: £Nil).

Under the terms of the Administration and Secretarial Agreement, Northern Trust International Fund Administration Services (Guernsey) Limited is entitled to a fee calculated on the Net Asset Value of the Company of 0.125 per cent. per annum on the first £50 million of Net Asset Value, 0.10 per cent. per annum on the next £50 million of Net Asset Value and 0.05 per cent. on any Net Asset Value in excess of £100 million, payable quarterly (subject to a minimum annual fee of £75,000). The administrator is also entitled to reimbursement of out of pocket expenses incurred in the performance of its duties. The administrator earned £75,000 (2008: £75,000) for administration and secretarial services during the year ended 31 December 2009 of which £19,000 (2008: £17,000) was outstanding at 31 December 2009.

14. Contingent liabilities

The directors are not aware of any contingent liabilities as at 31 December 2009 (2008: Nil).

15. Subsequent events

No significant subsequent events have occurred in respect of the Company or Group that are considered material to an understanding of these financial statements.

India
Capital Growth Fund

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