

**ANALYSIS OF HOLDINGS BY SIZE  
AT 31 DECEMBER 2007**

	No. of companies	% of portfolio
Small Cap	12	36.9
Mid Cap	9	51.4
Large Cap	2	4.2
Unlisted	2	3.4
Cash		4.1
<b>Total</b>	<b>25</b>	<b>100.0</b>

**ANALYSIS OF HOLDINGS BY SECTOR  
AT 31 DECEMBER 2007**

Sector summary	No. of companies	% of portfolio
Media	2	19.5
Financial Services	4	16.0
Housing & Construction	5	13.9
Textiles	2	13.7
Transportation	2	8.0
IT	3	7.7
Electrical & Lighting	1	6.4
Engineering / Manufacturing	3	4.0
Others	3	6.7
<b>Total investments</b>	<b>25</b>	<b>95.9</b>
Cash		4.1
<b>Total Portfolio</b>		<b>100.0</b>

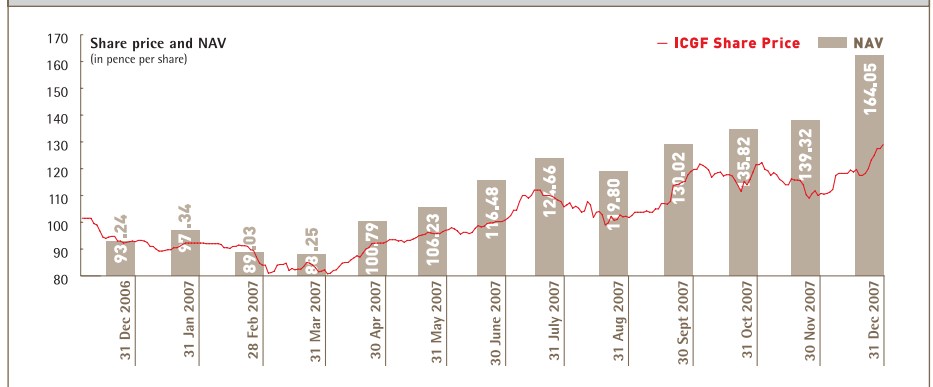
**TOP 10 HOLDINGS  
AT 31 DECEMBER 2007**

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	10.8
Prime Focus	Media	9.8
IOL Broadband	Media	9.7
Prime Securities	Financial Services	7.3
Asian Electronics	Electricals & Lighting	6.4
Logix Microsystems	IT	5.1
Arihant Foundations and Housing	Housing & Construction	4.4
Varun Shipping	Transportation	4.1
SpiceJet	Transportation	3.9
Gruh Finance	Financial Services	3.7

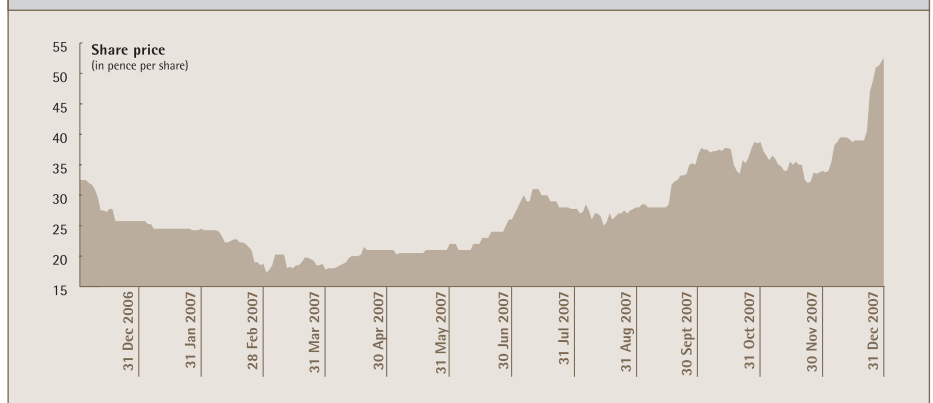
**SHARE PRICE AND NAV AS AT 31 DECEMBER 2007**

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	129.00	164.05	153.38	IGCW	52.50

**SHARE PRICE AND NAV PERFORMANCE**



**WARRANTS**



**PROGRESS UPDATE**

Undiluted NAV (net of performance fee) increased by 17.8% during the month, and by 76% for the year as a whole.

The BSE mid and small cap indices continued their sharp movement in December and gained 14.4% and 26.8% respectively in comparison to 4.8% for the large cap BSE Sensex. FII's bought US\$1.0bn worth of Indian equities in December and US\$17.2bn during the year (Jan to Dec) 2007.

The Indian Rupee appreciated against Sterling by 3.7% during December and 9.4% during 2007, bringing the rate back close to

the level when the Company was launched in December 2005. Inflation, based on the wholesale price index (WPI), was at 3.45% for the week ended 15 December 2007, well within the RBI's stated objectives.

In the unlisted portfolio the Infinity India Advisors Private Limited debenture has been redeemed, while a revaluation of the two other unlisted investments has resulted in a small net increase in carrying value of 7.6%.

The net cash position increased to 4.1% of the portfolio as at 31 December 2007 due to continued selective top slicing.



## THE FUND

The India Capital Growth Fund is a closed ended, Guernsey registered, AIM listed fund established in December 2005, with the objective of generating long-term capital appreciation by investing in small and medium sized companies based in India, both listed and unlisted. The shares are denominated in Pounds Sterling.

## ADDITIONAL INFORMATION

Further information can be found on the Company's website at: [www.indiacapitalgrowth.com](http://www.indiacapitalgrowth.com)

## INVESTMENT OBJECTIVES

The Company's investment objective is to provide long term capital appreciation by investing predominantly in listed small to mid-cap companies with a smaller proportion in unlisted companies. Investment may also be made in large-cap listed Indian companies where the Fund Manager believes long-term capital appreciation will be achieved.

Investment evaluation and selection is based on a bottom-up approach where opportunities are evaluated on a case by case basis. The Fund Manager follows an absolute return focus to investing rather than 'relative-performance' stock picking. The Company may hold liquid assets (including cash) pending deployment in suitable investments. It is the Company's declared policy not to hedge the exposure to the Indian Rupee.

## BASIC DATA

Launch date	22nd December, 2005
Listing	Alternative Investment Market, LSE
Domicile	Guernsey
NAV publication	Monthly

## CAPITAL STRUCTURE

Ordinary shares in issue	75,000,000
Warrants outstanding	15,000,000
Warrant exercise price	100p
Warrant exercise period	Post publication of annual accounts 2009-2011

## BOARD

Micky Ingall (Chairman)
Jamie Cayzer-Colvin
Ashok Dayal
Robin Nicholson
Andrew Maiden

## MANAGER AND FEES

<b>India Investment Partners Limited</b>	30 Buckingham Gate, London SW1E 6NN Tel: +44 207 802 8902 Fax: +44 207 802 8909
<b>Annual Management fee</b>	1.5% of AUM
<b>Performance fee</b>	20% of increase in NAV in excess of 10% compound annual growth in sterling, paid semi-annually and subject to a High Water mark

## OTHER ADVISERS

<b>Registrar</b>	Capita IRG (CI) Limited 2nd Floor, No 1 Le Truchot, St Peter Port, Guernsey GY1 4AE
<b>Administrator</b>	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL
<b>NOMAD</b>	Arbuthnot Securities Limited 20 Ropemaker Street, London EC2Y 9AR
<b>CREST Agent</b>	Capita Registrars 34 Beckenham Road, Kent BR3 4TU