

**PORTFOLIO BREAK DOWN BY SIZE AT 31 MARCH 2008**

	No. of companies	% of portfolio
Small Cap	16	53.0
Mid Cap	6	25.9
Large Cap	1	3.6
Unlisted	2	5.8
Cash		11.7
<b>Total</b>		<b>100.0</b>

**ANALYSIS OF HOLDINGS BY SECTOR AT 31 MARCH 2008**

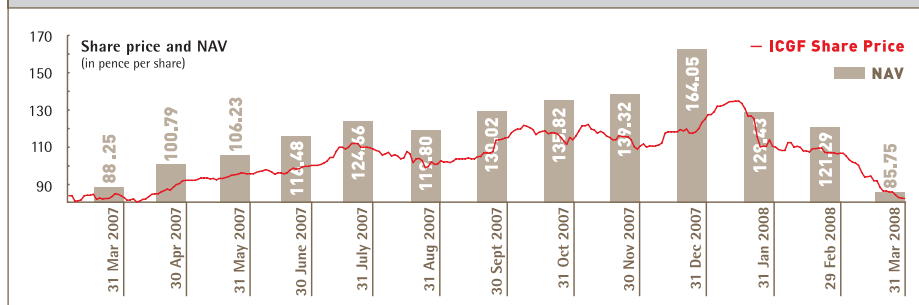
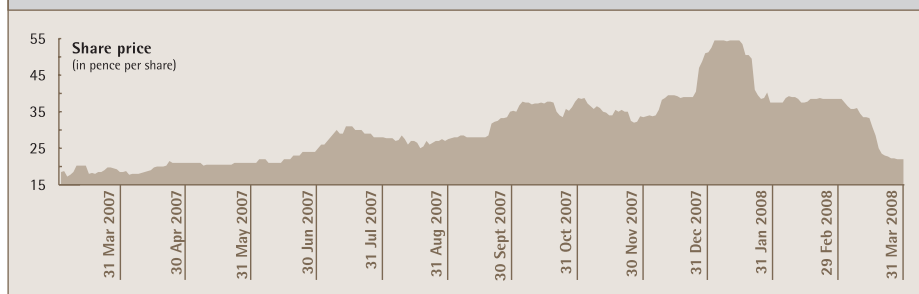
Sector summary	No. of companies	% of portfolio
Textiles	2	14.9
Financial Services	4	14.7
Media	2	13.4
Housing & Construction	5	12.7
Transportation	2	9.0
IT	3	5.5
Electrical & Lighting	1	4.9
Engineering / Manufacturing	3	3.8
Oil & Gas	1	3.6
Others	2	5.7
<b>Total investments</b>	<b>25</b>	<b>88.3</b>
Cash		11.7
<b>Total Portfolio</b>		<b>100.0</b>

**TOP 10 HOLDINGS AT 31 MARCH 2008**

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	11.0
Prime Focus	Media	9.9
Marwadi Shares and Finance	Financial Services	5.8
Varun Shipping	Transportation	5.6
Asian Electronics	Electricals & Lighting	4.9
Prime Securities	Financial Services	4.1
Arihant Foundations and Housing	Housing & Construction	4.1
Grabal Alok Impex	Textiles	3.9
Akruti City	Housing & Construction	3.6
Hindustan Oil Exploration	Oil & Gas	3.6

**SHARE PRICE AND NAV AS AT 31 MARCH 2008**

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	82.50	85.75	85.75	IGCW	22.00

**SHARE PRICE AND NAV PERFORMANCE**

**WARRANTS**

**PROGRESS UPDATE**

Undiluted NAV fell by 29.3% in the month, giving a cumulative fall since 31 December 2007 of 47.7%. While the small and mid cap indices fell somewhat further than the BSE Sensex, the fall in NAV was even greater than these indices, reflecting very sharp falls in the market price of a number of the larger holdings in the Company's portfolio. The market has been influenced by continued withdrawal of liquidity from the market by foreign and domestic investors (foreign institutional investors have so far withdrawn a total of USD2.8bn in 2008); and as large institutions withdrew from the market, high net worth individuals and retail investors faced margin calls that forced the unwinding of positions. The problems were exacerbated for small- and mid-sized companies where there is inherently less liquidity even in normal markets. In these markets, unfounded rumours in connection with particular stocks can have a rapid effect on prices.

During the month the large cap BSE Sensex was down by 11.0%, while BSE mid and small cap indices fell 16.3% and 18.6% respectively. The Indian Rupee also fell by 0.3% against Sterling.

Throughout the turbulence of the last three months close contact has been maintained with the respective management of each investee company. With few exceptions the underlying performance of these companies continues to be strong and their financial position sound. We anticipate good results for the quarter ending March 2008 which are expected to be announced

during April, continuing the trends for the first nine months (to 31 December 2007) of the current financial year, which showed healthy EPS growth rates over the corresponding period in the previous year.

Further detailed comments on a number of the principal holdings by the Company, based on public information, are contained in the March 2008 Presentation that can be found on the Company's website at [www.indiacapitalgrowth.com](http://www.indiacapitalgrowth.com). This presentation will be updated from time to time on the website.

ICGF was established as a closed ended fund with the aim of providing exposure principally to the mid and small cap sectors of the Indian economy by way of long term investment. India Investment Partners Limited, the Company's investment manager (the "Manager"), considers that the recent downturn in share prices reflects short term international capital market movements which the Manager believes have little to do with the underlying longer term positive and strong earning power of the companies in which ICGF is invested. In 2007 India's GDP grew by 9.6% while the US, UK, Japan and the Eurozone all grew by less than 3%. The Managers' view remains that the Indian economy, though not immune to international economic conditions, is continuing on a secular growth path and, over time, will rise faster than most developed economies. A cautious approach continues to be adopted, and at 31 March 2008 the Company had a net cash of £7.7m.



## 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