

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

	No. of companies	% of portfolio
Small Cap	15	47.1
Mid Cap	8	32.1
Large Cap	1	4.2
Unlisted	3	6.0
Cash		10.6
Total		100.0

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

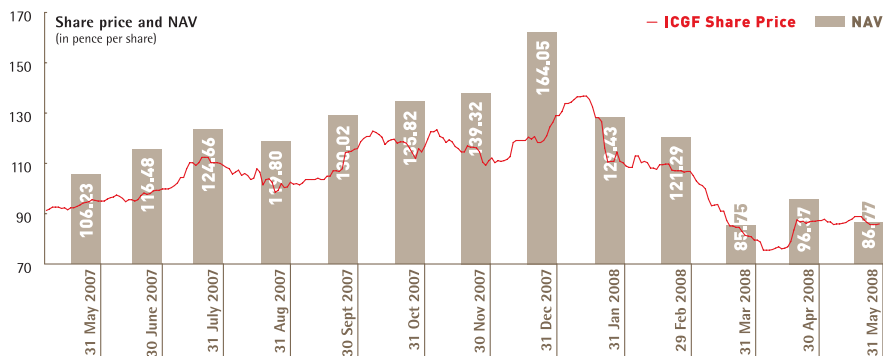
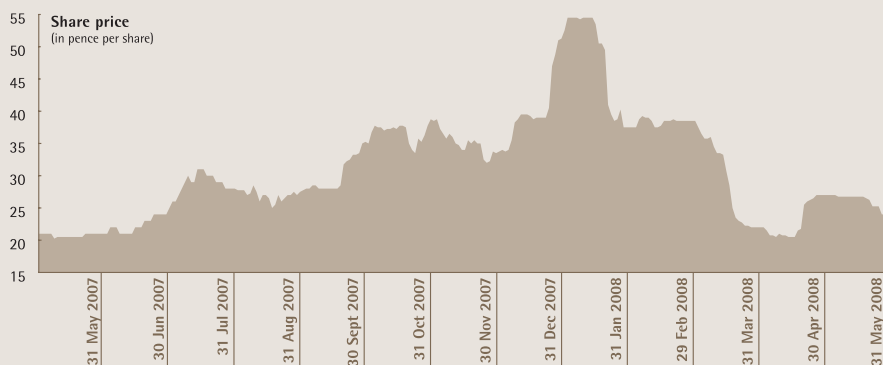
Sector summary	No. of companies	% of portfolio
Textiles	2	17.2
Housing & Construction	5	12.5
Financial Services	3	11.7
Media	2	11.4
IT	3	8.2
Transportation	2	8.2
Oil & Gas	1	4.1
Engineering / Manufacturing	3	4.0
Electrical & Lighting	1	3.4
Others	5	8.7
Total investments	27	89.4
Cash		10.6
Total portfolio		100.0

**TOP 10 HOLDINGS
AT 31 MAY 2008**

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	13.1
Prime Focus	Media	7.2
Varun Shipping	Transportation	5.7
Marwadi Shares and Finance	Financial Services	5.4
IOL Netcom	Media	4.2
Akruti City	Housing and Construction	4.2
IT People	IT	4.1
Grabal Alok	Textile	4.1
Logix Microsystems	Software	4.1
Hindustan Oil Exploration	Oil and Gas	4.1

SHARE PRICE AND NAV AS AT 31 MAY 2008

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	87.25	86.77	86.77	IGCW	23.75

SHARE PRICE AND NAV PERFORMANCE

WARRANTS

PROGRESS UPDATE

NAV was down by 10.0% in the month of which 5.9% was due to the depreciation of Indian Rupee against Sterling. During the month the large cap BSE Sensex was down by 5%, while the BSE mid and small cap indices fell 5.3% and 7.3% respectively. FI's sold a net USD 1.2bn in May compared to a net purchase of USD 267m in April. Since the start of the year FI's have sold a net USD 3.8bn.

Annual gross domestic product (GDP) growth to March 2008 was 9 percent helped by unexpectedly high fourth-quarter expansion. However inflation, based on WPI, rose to a 44 month high of 8.1 percent for the week ended May 17, up from 7.82 percent the previous week. The background to the Rupee depreciation against the US Dollar and Sterling is high oil prices (India imports most of its oil

needs) and the net selling of equities by FI's.

16 out of 27 portfolio companies have announced their financial results to 31 March 2008. Excluding IOL Netcom, which is still in its development phase, average annual growth for the year ended 31 March 2008 in operating revenues is 65% and profit after tax is 102% over the previous year.

We have added one new company to the portfolio, and we are building out the stake here as also in two other existing holdings. During the month S Kumars Nationwide ("SKNL") demerged its retail business, Brandhouse Retail and all shareholders of SKNL now own shares in Brandhouse on a pro rata basis. Brandhouse shares are expected to be listed by the end of June 2008, and in the meantime are included in Unlisted holdings.



THE FUND

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

ADDITIONAL INFORMATION

Further information can be found on the Company's website at: www.indiacapitalgrowth.com

INVESTMENT OBJECTIVES

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

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

BASIC DATA

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

CAPITAL STRUCTURE

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

BOARD

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

MANAGER AND FEES

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

OTHER ADVISERS

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