

**PORTFOLIO BREAK DOWN BY SIZE  
AT 30 JUNE 2008**

	No. of companies	% of portfolio
Small Cap	18	57.9
Mid Cap	5	20.5
Large Cap	1	3.7
Unlisted	3	7.5
Cash		10.4
<b>Total</b>		<b>100.0</b>

**ANALYSIS OF HOLDINGS BY SECTOR  
AT 30 JUNE 2008**

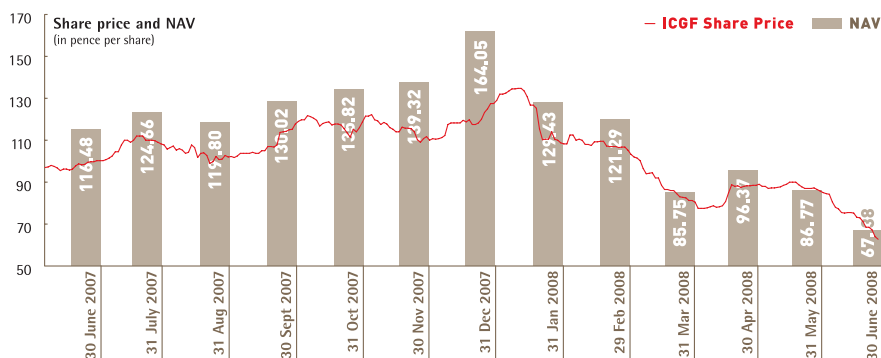
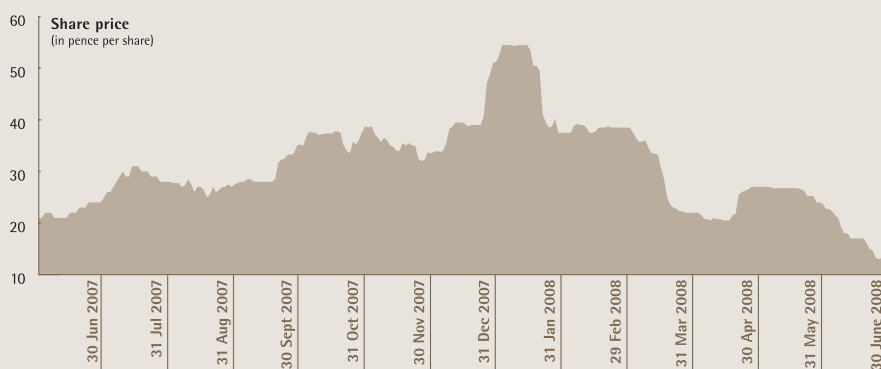
Sector summary	No. of companies	% of portfolio
Textiles	2	17.0
Financial Services	3	12.0
Media	2	11.0
Housing & Construction	5	10.2
Transportation	2	8.5
IT	3	8.3
Oil & Gas	1	4.9
Engineering / Manufacturing	3	3.9
Electrical & Lighting	1	2.6
Others	5	11.2
<b>Total investments</b>	<b>27</b>	<b>89.6</b>
Cash		10.4
<b>Total Portfolio</b>		<b>100.0</b>

**TOP 10 HOLDINGS  
AT 30 JUNE 2008**

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	12.1
Prime Focus	Media	7.9
Marwadi Shares and Finance	Financial Services	6.8
Varun Shipping	Shipping	6.0
Hindustan Oil Exploration	Oil & Gas	4.9
Grabal Alok	Textile	4.9
IT People	IT	4.3
Logix Microsystems	Software	3.9
Akruti City	Housing & Construction	3.7
Viceroy Hotels	Hotels	3.2

**SHARE PRICE AND NAV AS AT 30 JUNE 2008**

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	62.75	67.38	67.38	IGCW	11.50

**SHARE PRICE AND NAV PERFORMANCE**

**WARRANTS**

**PROGRESS UPDATE**

June has been one of the most difficult months for the Company. NAV was down 22.3%. A sharp rise in oil prices, a subsequent increase in inflation (11.42% for the week ended 14 June, its highest level since February 1995), higher interest rates (the RBI repo rate is now 8.5%) and continued selling by FIIs (who sold a net USD 2.5bn in June) resulted in big falls in Indian equities. During the month of June the large cap BSE Sensex fell by 18%, while the BSE mid and small cap indices fell 20.3% and 17.6%, and the Indian Rupee depreciated by 1.7% against sterling.

FIIs have now sold USD 6.3bn during the first six months of 2008 compared to a net inflow of USD 4.3bn during the first six months of 2007 and a net inflow of USD 17.2bn for the full year of 2007.

The effects of these negative economic figures on Investee companies are still to be seen. Results for the financial year ended 31 March 2008 are now out for all but two Investee

company and excluding these two companies the average Operating Revenues and PAT growth was 71% and 70% respectively.

S Kumars Nationwide Limited ("SKNL"), the Company's largest single holding, announced an investment by GIC Singapore into its premium worsted suiting business Reid & Taylor ("R&T"). Indinvest Pte Ltd, an affiliate of GIC Special Investments ("GIC SI") has agreed to invest in R&T through a fresh issue of shares and warrants. Post-conversion, GIC SI would own 25.4% of R&T. The transaction values SKNL's 74.4% stake at approximately Rs 97 per fully diluted SKNL share. Despite this, SKNL shares closed at Rs 81, down 28.8% on the month.

Valuations in a number of Investee companies are now at extremely attractive levels and the Company continues to build up its stake in two recent additions to the portfolio as well as in three existing Investee companies. Cash as on 30 June was GBP5.25m.



## 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