

PORTFOLIO BREAK DOWN BY SIZE AT 31 JULY 2008

	No. of companies	% of portfolio
Small Cap	15	44.3
Mid Cap	8	37.4
Unlisted	3	7.5
Cash		10.8
Total		100.0

ANALYSIS OF HOLDINGS BY SECTOR AT 31 JULY 2008

Sector summary	No. of companies	% of portfolio
Textiles	2	14.8
Financial Services	3	12.3
Media	2	11.7
Housing & Construction	5	10.6
Transportation	2	9.3
IT	3	7.6
Oil & Gas	1	5.0
Engineering / Manufacturing	3	4.8
Electrical & Lighting	1	2.5
Others	4	10.6
Total investments	26	89.2
Cash		10.8
Total Portfolio		100.0

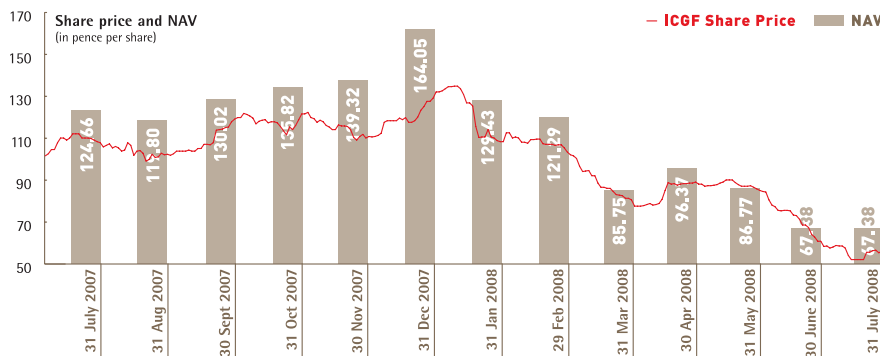
TOP 10 HOLDINGS AT 31 JULY 2008

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	10.8
Prime Focus	Media	8.1
Marwadi Shares and Finance	Financial Services	6.9
Varun Shipping	Shipping	6.4
Hindustan Oil Exploration	Oil and Gas	5.0
IT People	IT	4.3
Akruti City	Housing & Construction	4.2
Grabal Alok	Textile	4.0
Bilcare	Pharma Packaging	3.6
IOL Netcom	Media	3.6

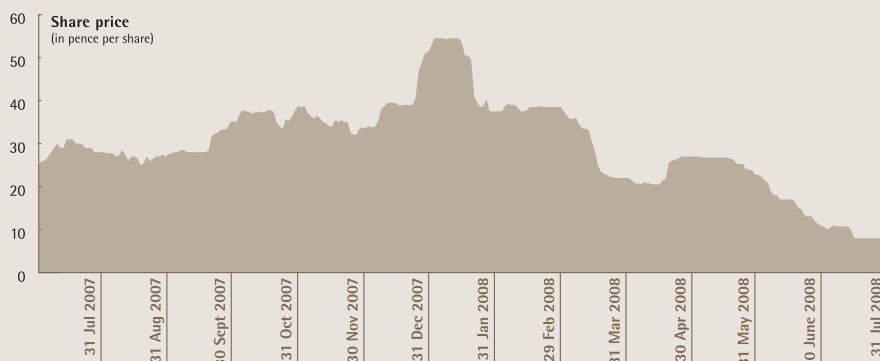
SHARE PRICE AND NAV AS AT 31 JULY 2008

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	56.00	67.38	67.38	IGCW	8.00

SHARE PRICE AND NAV PERFORMANCE



WARRANTS



PROGRESS UPDATE

Lower oil prices and a victory in a no confidence vote for the ruling Congress Party against the communists in India's Parliament were two positive developments during the second half of July. However, inflation continued to remain high with the latest announced annualised increase in the Wholesale Prices Index (for the week ending 18th July 2008) at 11.98%, which is a 13 year high. The Reserve Bank of India (RBI) also increased the Cash Reserve Ratio (CRR) to 9.0% and Repo Rate to 9.0%.

Reacting to this mixed set of news the market traded in an extremely volatile manner during July. The BSE Sensex ended the month up 6.6%, the BSE Mid Cap Index up 3.4% and the BSE Small Cap Index up 3.1%. The Indian Rupee appreciated by 1.6% against Sterling during the month.

FILs were net sellers during the month by USD 455.3m. For the year to 31 July 2008 FILs were net sellers by USD 6.7bn compared to a net inflow of USD 10.2bn during the first seven months of 2007.

ICGF's NAV was unchanged in July. Valuations of ICGF's Investee companies remain at attractive levels; June quarterly results announced to date were in line with expectations; and the Company continues to build up its stake in two recent additions to the portfolio as well as in three existing Investee companies.

During the month ICGF sold its entire stake in Dabur Pharma at a profit in a public tender offer by German company Fresenius Kabi, which will now take the company private.

Cash as on 31 July was GBP 5.46m.



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