

PORTFOLIO BREAK DOWN BY SIZE AT 31 AUGUST 2008

	No. of companies	% of portfolio
Small Cap	15	44.4
Mid Cap	7	31.9
Large Cap	1	4.8
Unlisted	3	7.4
Cash		11.5
Total		100.0

ANALYSIS OF HOLDINGS BY SECTOR AT 31 AUGUST 2008

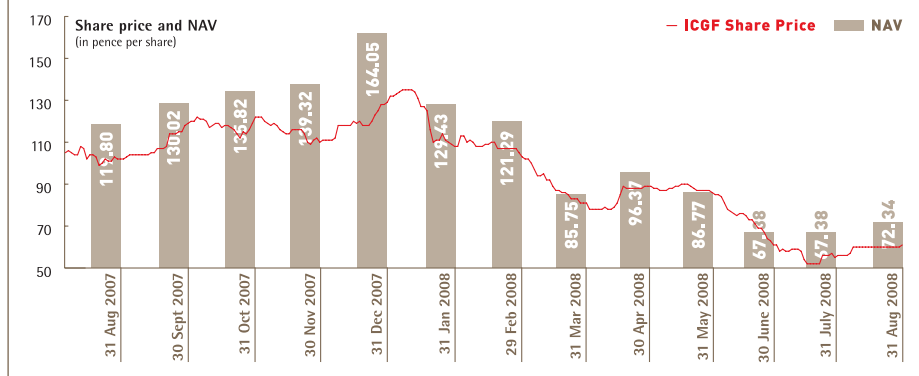
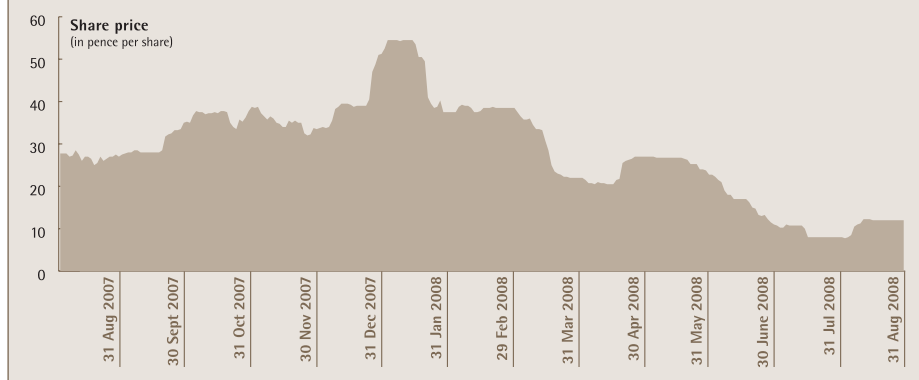
Sector summary	No. of companies	% of portfolio
Textiles	2	14.2
Media	2	12.2
Financial Services	3	11.8
Housing & Construction	5	10.9
Transportation	2	8.8
IT	3	7.7
Engineering / Manufacturing	3	5.0
Pharmaceuticals Services & Packaging	1	4.3
Process controls	1	3.8
Offshore Oil & Gas Services	1	3.4
Hotels	1	3.2
Others	2	3.2
Total investments	26	88.5
Cash		11.5
Total Portfolio		100.0

TOP 10 HOLDINGS AT 31 AUGUST 2008

Holding	Sector	% of portfolio
S Kumars Nationwide	Textiles	10.5
Prime Focus	Media	7.6
Marwadi Shares and Finance	Financial Services	6.8
Varun Shipping	Shipping	6.1
Akruti City	Housing & Construction	4.8
IOL Netcom	Media	4.6
Bilcare	Pharma Packaging	4.3
IT People	IT	4.3
ICSA	Process Controls	3.8
Grabal Alok Impex	Textiles	3.7

SHARE PRICE AND NAV AS AT 31 AUGUST 2008

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	61.00	72.34	72.34	IGCW	12.00

SHARE PRICE AND NAV PERFORMANCE

WARRANTS

PROGRESS UPDATE

The Company's NAV increased by 7.4% in the month of August 2008. The BSE Sensex was up 1.5% and the BSE Mid Cap Index was up 3.1% for the month, however, the BSE Small Cap Index closed down 0.3% over the period. The Indian Rupee appreciated by 4.9% against Sterling during the month. FILs continued to be net sellers during the month by USD 300m. For the first eight months of 2008 FILs were net sellers by USD 7.1 billion compared to net purchases of USD 8.3 billion during the equivalent period in 2007.

The rally in Indian equities in the first half of the month was primarily due to oil prices falling from the \$125/bbl level to around \$112/bbl. However oil prices rose during the second half of August and inflation (as measured by WPI) has remained in double figures. As on August 9th and 16th, WPI stood at 12.63% and 12.40%

respectively, the highest levels for 16 years.

India's GDP grew 7.9% in 1QFY09 (Apr-June 2008). The last time India's GDP was below the 8% mark was in 3QFY05. This slowing of growth started three quarters ago and despite a host of unfavourable domestic and international developments the slowing of growth has been modest especially in comparison to other parts of the global economy.

In August the Company completed its exit from Hindustan Oil Exploration at a good profit and has begun buying into one new portfolio company. The strategy otherwise has been to continue building up stakes gradually in three other existing portfolio companies. Constant and close contact is maintained with all investee companies.

Cash as at 31 August was GBP 6.3m, 11.5% of the portfolio.



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