

**PORTFOLIO BREAK DOWN BY SIZE AT 31 MAY 2009**

	No. of companies	% of portfolio
Small Cap	17	76.5
Mid Cap	2	8.2
Unlisted	2	7.2
Cash		8.1
<b>Total</b>	<b>21</b>	<b>100.0</b>

**ANALYSIS OF HOLDINGS BY SECTOR AT 31 MAY 2009**

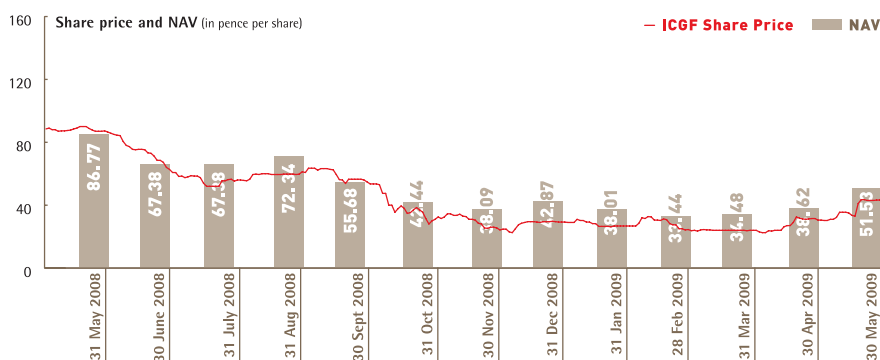
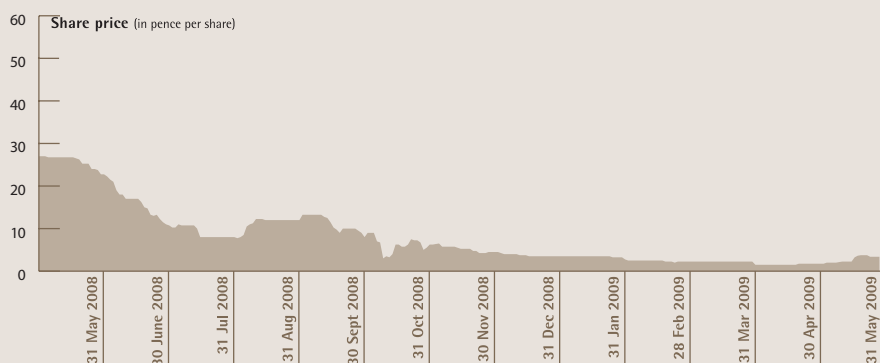
Sector summary	No. of companies	% of portfolio
Textiles	2	16.9
Financial Services	3	13.1
Transportation	2	11.9
Media	2	9.3
Pharmaceutical Services & Packaging	1	9.1
Process controls	1	8.5
IT	3	5.8
Housing & Construction	2	4.8
Offshore Oil & Gas Services	1	4.4
Engineering / Manufacturing	2	3.8
Hotels	1	3.2
Others	1	1.1
<b>Total investments</b>	<b>21</b>	<b>91.9</b>
Net Cash		8.1
<b>Total Portfolio</b>		<b>100.0</b>

**TOP 10 HOLDINGS AT 31 MAY 2009**

Holding	Sector	% of portfolio
S. Kumars Nationwide Textiles		13.2
Bilcare	Pharma Packaging	9.1
ICSA India	Process Controls	8.5
Varun Shipping	Transport	8.4
Marwadi Shares and Finance	Financial Services	7.2
Prime Focus	Media	6.5
Great Offshore	Offshore Oil & Gas Services	4.4
Bank of Rajasthan	Financial Services	3.8
Grabal Alok Impex	Textiles	3.7
Spicejet	Transport	3.5

**SHARE PRICE AND NAV AS AT 31 MAY 2009**

Ordinary Shares				Warrants	
Ticker	Share price (p)	NAV per share (undiluted) (p)	NAV per share (diluted) (p)	Ticker	Warrant price (p)
IGC	45.25	51.53	51.53	IGCW	3.38

**SHARE PRICE AND NAV PERFORMANCE**

**WARRANTS**

**PROGRESS UPDATE**

As anticipated in earlier commentaries, markets were highly volatile around the Indian General Election. In an unexpected result, the Congress party coalition was returned to power with a strong mandate and the communist parties lost more than half their previous seats. The markets rose sharply, and on the first day of trading after the results were announced, the market closed early as the market wide circuit breaker was reached. Fills were strong buyers, investing USD 4,145 million in Indian equities, the highest monthly inflow since October 2007. The immediate euphoria has subsided, but the overall upward trend has continued, albeit with some continued volatility. For the month as a whole the BSE Sensex index of larger stocks rose 28.3%.

Small and mid-cap stocks which had been harder hit in the market fall also responded strongly, with the BSE Small Cap Index up 51.9% and the BSE Mid-Cap Index up 43.9% as investors looked for value. The Rupee however depreciated 2.7% against Sterling reflecting a continued fall in exports at a rate faster than the fall in imports.

The Company's NAV overall was up 33.4% in

the month, and advantage was taken of the stronger markets to exit partially from two smaller investments.

For the Indian economy, real GDP growth for the financial year to 31 March 2009 was 6.7%, down from 9% for the year to 31 March 2008, but considerably better than much of the rest of the world. Wholesale price inflation was 0.61% for the week to May 16. This positive macro data was somewhat offset by a contraction in industrial production by an annualised 2.3 % in March 2009. Looking forward, the election result should provide political stability for the next five years and allow the government to address the medium term challenges. Recent GDP growth has occurred on the back of government spending and agriculture, while growth has been low or negative in much of construction and manufacturing. Government spending and the fiscal deficit will also require attention. Nevertheless we remain cautiously optimistic.

Brief information on the principal investee companies, updated monthly, is contained in the Presentation on the Company's web site ([www.indiacapitalgrowth.com](http://www.indiacapitalgrowth.com)).



## 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	75,000,063
Warrants outstanding	14,999,937
Warrant exercise price	100p
Warrant exercise period	23 April 2009 to 21 May 2009, and subsequently post publication of the annual accounts in 2010 and 2011

## BOARD

Robin Nicholson (Acting Chairman)
Jamie Cayzer-Colvin
Ashok Dayal
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