

INVESTMENT OBJECTIVES

The Company's investment objective is to provide long term capital appreciation by investing predominantly in listed mid and small 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.

SHARE PRICE AND NAV AS AT 30 APRIL 2010

Ordinary Shares

Ticker	IGC
Share price (p)	61.50
NAV per share (undiluted) (p)	72.88
NAV per share (diluted) (p)	72.88

Warrants

Ticker	IGCW
Warrant price (p)	1.88

PORTFOLIO BREAK DOWN BY SIZE AT 30 APRIL 2010

	No. of companies	% of portfolio
Small Cap	8	24.9
Mid Cap	7	33.0
Large Cap	11	20.1
Unlisted	2	8.6
Cash/Cash Equivalent		13.4
Total	28	100.0

Portfolio update

April saw a continuation of last month's robust performance with the net asset value per share rising 7.6% in sterling terms. A modest fall in the rupee against sterling offset an 8% increase in the NAV in local currency terms. This performance substantially exceeded both the 0.2% rise in the BSE Sensex (the main board) and the 5.6% rise in the BSE Midcap index. For the year to date the Company's NAV per share has grown 22.3% of which 9.0% can be attributed to the weakness of sterling. Encouraging also is the fact that a larger number of stocks in the portfolio is now contributing to the overall performance. One third of the portfolio generated a return twice the market (BSE Midcap) or better. S Kumars Nationwide (+ 21.6%) the portfolio's largest holding, continues to re-rate on the back of good earnings and an expectation of future value unlocking from the IPO of a key subsidiary Reid and Taylor. We have committed to reducing ICGF's exposure to this stock, but this is proving harder to achieve than expected. Despite some hefty top slicing, the stock's weighting in the portfolio continues to rise on excellent price performance. The top slicing strategy will continue until lesser concentration

is achieved. Other notable performers this month were Hindustan Dorr-Oliver (+22.5%), a manufacturer of material handling equipment for the mining sector, and newcomer United Phosphorus (+14.1%), a global player in generic agrochemicals. Elsewhere we have used the above average market volumes and volatile price action in Prime Focus (+30.2%) to reduce exposure, as well as completing the sale of two of the residual micro caps. Our recent entry into the real estate sector has had mixed results so far. Unitech (+15.5%) and Sobha Developers (+14.7%) both had a good month whilst HDIL (-5.7%) continues to disappoint. There is no clear direction for this sector currently: property stocks remain unloved, tainted by rising interest rates and high levels of inventory in many regions, although prices generally appear to be holding. We view this as a good time to be building a position and are hopeful that towards the end of the year, seasonally a strong period, some investor confidence will be seen to be returning to the sector. The major drag on performance in the month was portfolio heavyweight Bilcare (-9.0%) which continues to struggle.

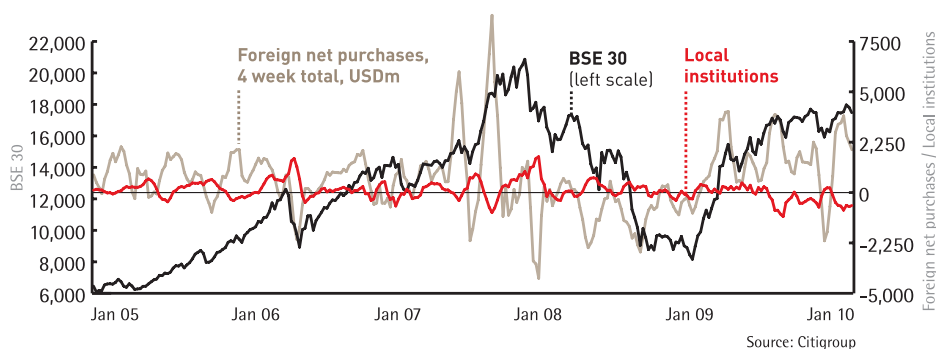
Outlook

India has had a good run, particularly since the budget in February, and the mid cap performance continues to exceed that of the heavyweights. Despite lacklustre international portfolio flows to much of Asia in the calendar year to date, India has seen consistent levels of foreign buying interest. Sentiment has also been helped

by a clearly doveish Reserve Bank in India and a hawkish Central Bank in China. The combination of these two factors implies that there has been a positive reallocation towards India within Global Emerging Market portfolios, but this reallocation may now be complete for the time being.

OUTLOOK FOCUS

• India: Fund Flows



Besides a potential slowdown in the pace of international portfolio inflows, there are a number of other concerns facing the Indian market. We are in the midst of companies reporting full year (to 31 March 2010) numbers which to date have produced no surprises and so far no meaningful revisions to future earnings estimates either. This is an essential factor required for continued market performance and we are listening closely to what future guidance companies can give us. The upward move in the oil

price has not yet put a dampener on the market, however, were the oil price to rise further in local currency terms it would cause inevitable headwinds for the economy and thus the market, unless the Government were to take proactive steps to reduce its subsidy bill at the expense of consumers.

Early indications from the Met office suggest an average level of rainfall this monsoon which, if correct, would remove one major concern, but some market volatility is inevitable if this were

India Capital Growth Fund

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

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 | 12 April 2010 to 11 May 2010, and subsequently post the publication of the annual accounts in 2011

BOARD

Fred Carr (Chairman)

Robin Nicholson

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. At 31 December 2009, the High Water Mark was 210.91 pence per share.

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 | Arbutnot Securities Limited, 20 Ropemaker Street, London EC2Y 9AR

CREST Agent | Capita Registrars, 34 Beckenham Road, Kent BR3 4TU

India Capital Growth Fund Limited | Registered Office: Trafalgar Court, St Peter Port, Guernsey, GY1 3QL

Outlook (continued)

to change. Overall the economy remains in good shape and its heavy domestic focus continues to offer multiple attractions when assessing broader economic woes. We remain positive on infrastructure and consumption related themes and intend to use any major downward moves to add in these areas specifically.

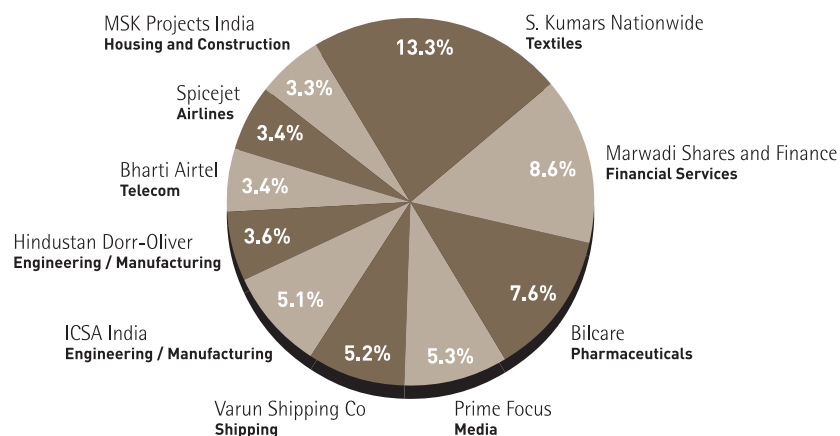
Finally it must be mentioned that in Berkshire Hathaway's AGM early in May, Warren Buffet

was asked by 12 year old "Berks holder" Sabrina Chugh (no apparent relation of our own superb IT and Consumer Discretionary analyst Saurabh Chugh) why he hadn't invested in India yet. In response Buffet disclosed plans to visit India next year and "did not rule out India as a possible destination for Berkshire investments". Should "The Sage of Omaha" see value in India it might alter the only inexorable criticism of this market, being that "it is too expensive".

ANALYSIS OF HOLDINGS BY SECTOR AT 30 APRIL 2010

	No. of companies	% of portfolio
Textiles	2	14.6
Housing & Construction	7	12.9
Financial Services	4	12.6
Engineering / Manufacturing	3	11.1
Pharmaceuticals	2	8.6
Transport	2	8.6
Media	2	6.3
Telecom	1	3.4
Metals	1	2.8
Chemicals	1	2.6
Energy	1	2.1
IT	2	1.0
Total Investment	28	86.6
Net Cash and Debt Mutual Funds		13.4
Total Portfolio		100.0

TOP 10 EQUITY HOLDINGS AT 30 APRIL 2010



SHARE PRICE AND NAV PERFORMANCE

