The India Fund, Inc.

Quarterly Commentary

Fourth Quarter 2022

Fund performance

The India Fund returned 0.38%[1] on a net asset value (NAV) basis for the fourth quarter of 2022, underperforming the 1.98% return of the benchmark, the MSCI India Net Index[2].

Stock selection in the consumer discretionary, communication services, industrials and healthcare sectors was among the main reasons for the Fund's underperformance, whereas the Fund's stock selection in utilities and energy added to relative gains.

In the consumer staples sector, Hindustan Unilever underperformed after a strong rally in the previous quarter, as the company posted in-line results by cutting ad spending to offset gross margin decline. In the consumer discretionary sector, Crompton Greaves Consumer Electricals fell as it is battling sluggish growth conditions in its end-markets, coupled with near-term disruption to its core fans segment due to a change in efficiency standards. Nonetheless, the company's results were in line with our expectations, with the margins proving to be more resilient than its peers. Elsewhere, Affle (India)'s share price fell on profit taking following a resilient performance relative to other internet and technology names. There is an industry-wide slowdown in digital advertising spend on recession worries and Affle, though relatively better-positioned, is not immune.

In the industrials sector, ABB India's share price fell on profit taking after a strong rally, driven by concerns that capital goods demand would soften over the medium-term, given the rising interest rates and inflationary environment. Delhivery's share price also declined after the company announced a negative outlook in view of a weaker macro environment and growth moderation in the e-commerce industry. Conversely, Hindalco Industries contributed as its share price rebounded after previously lagging amid a pickup in commodities on hopes that China's reopening may stoke further demand.

In the healthcare sector, Piramal Pharma's share price came under pressure after the business was spun off from its parent company, Piramal Enterprises, and began trading as a standalone listed entity in October. However, the company is guiding for a stronger second half of the financial year and for margins to improve. On the other hand, Vijaya Diagnostic Centre's share price fell on profit taking following recent outperformance. We will watch for the pent-up international travel demand after China's post-Covid reopening potentially leading to the need to ramp up Covid testing in India again.

The financials sector was a mixed bag. Not holding Axis Bank detracted from the Fund's performance as the company's share price continued to re-rate on greater confidence in the bank's turnaround strategy, though our core bank holdings have reported similarly positive trends of robust loan growth, net interest margin expansion and low credit costs. Conversely, not holding Bajaj Finance benefitted performance as its share price continued to retreat on high valuations, despite strong results. And our holding HDFC Bank's share price was supported by a constructive outlook in the banking sector and by improved clarity on how the bank and HDFC would come together in their impending merger.

The exposure to Aegis Logistics in the energy sector was positive as the company outperformed after delivering a good set of results. On the other hand, not holding industry bellwether Reliance Industries detracted as the company outperformed earlier in the period. However, its share price corrected in December on concerns around the sustainability of its business in a potential global downturn. We do not hold Reliance on account of corporate governance and capital allocation concerns.

[1] Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. Net asset value return data include investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

[2] The MSCI India Net Index is an unmanaged index considered representative of the Indian stock market. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Lastly in the utilities sector, not holding the Adani Group proved beneficial as its listed entities underperformed the benchmark. Adani Transmission in particular continued to trend lower following a strong run. We do not hold the Adani group of companies due to valuation concerns.

In key portfolio activity, we initiated a position in JB Chemicals and Pharma, one of the top pharmaceutical companies in India by sales, with a strong CMO (contract manufacturing) business. The company has an attractive financial profile, an experienced and capable management team, and is pursuing multiple growth opportunities on which it is executing well. We also initiated a position in the cable and wire manufacturer KEI Industries that has been producing steady and healthy sales growth at resilient operating margins. The company has a capable management team, a competitive business model and financial discipline.

We exited the small position in Sanofi India to consolidate into higher conviction names.

Cumulative and annualized total return as of 12/31/22 (%)

	1 month	3 months	Year to date	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since inception (p.a.)
NAV	–6.86	0.38	–16.26	–16.26	4.17	3.22	7.80	8.57
Market Price	–8.41	1.82	–15.32	–15.32	4.89	3.77	8.16	7.95
MSCI India Index (Net TR)	–5.48	1.98	–7.95	–7.95	10.32	6.01	7.43	n/a[3]

[3] There is no since inception figure for the MSCI India Index (Net) because the inception date of the Index is December 29, 2000.

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Effective February 28, 2020, the MSCI India Index (Net Dividends) replaced the MSCI India Index (Gross Dividends) as the Fund's primary benchmark.

The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

Top Ten Holdings (as of 12/31/22)

ICICI Bank Ltd	8.9
Infosys Ltd	7.8
Housing Development Finance Corp Ltd	7.3
Hindustan Unilever Ltd	6.4
Tata Consultancy Services Ltd	5.1
Bharti Airtel Ltd	4.8
UltraTech Cement Ltd	3.6
Power Grid Corp of India Ltd	3.5
HDFC Bank Ltd	3.4
Kotak Mahindra Bank Ltd	3.3
Percent of Portfolio in Top Ten	**54.1**

Source : abrdn 12/31/2022.

Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown. The top ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

The India Fund, Inc. Distribution Rates

NAV distribution rate	9.93%
Market price distribution rate	10.77%

As of the ex-dividend date on 1/31/23.

Market review

Indian equities capped off the quarter with a weak finish, underperforming the broader Asia-Pacific ex Japan region, as well as global emerging markets. The MSCI India Index rose just under 2% in U.S. dollar terms. On a year-to-date basis, however, India remains one of the most resilient markets in an exceptionally turbulent year for global risk assets. High inflows from foreign institutional investors and lower oil prices propelled the domestic market. Industrial production improved but growth momentum was driven by the continued normalisation of the services sector post-pandemic as manufacturing is expected to face headwinds from slowing global growth.

On the economic front, the headline inflation for November fell within the Reserve Bank of India's (RBI) inflation target band of 2% to 6% for the first time this year at 5.9% year-on-year. Still, at its December meeting, the RBI raised the policy repo rate by 35 basis points to 6.25%, in line with market expectation. The central bank is expected to gradually slow the pace of tightening in 2023. Following the U.S. Federal Reserve's ongoing aggressive monetary policy stance, the Indian rupee saw its largest annual decline since 2013, falling 11.3%. Consequently, the current account deficit widened in the quarter ended September, also in part due to higher commodity costs.

Outlook

India remains one of the fastest growing countries in the world, supported by a relatively stable macroeconomic environment where government spending, revival in consumption and easing of supply chain bottlenecks is likely to partially offset headwinds from higher rates and a potential slowdown in the global economy. The government remains focused on capital expenditure and is expected to continue incentivising rural growth in the follow up to general elections in 2024.

With Covid-19 under control, the domestic economy is showing signs of recovery: Inflation pressures have somewhat eased in recent months, credit growth is accelerating, the real estate market is seeing momentum, infrastructure is being built and consumer spending is gradually improving. Activity data further indicate resilient upward momentum, building investor confidence in the strength of the domestic economy. On the other hand, India's external balances remain precarious both in part due to relatively high energy prices – India is a net oil importer – and as a result of falling exports. The country faces external headwinds, including a potential recession in the global economy. As a result, growth momentum is expected to remain moderate in 2023, at least in the first half.

That said, we expect our core quality holdings to continue to deliver resilient compounding earnings growth over the medium term, come what may in terms of macro conditions. The consistency of earnings growth of the portfolio remains healthy and fundamentals, including pricing power, strong balance sheets and the ability to sustain margins, remain solid, and we maintain confidence in the experienced management teams of these companies. In time, we expect these to once again be reflected in share price performance.

The following tables set forth the estimated amounts of the sources of the distributions for purposes of Section 19 of the 1940 Act and the rules adopted thereunder. The tables have been computed based on generally accepted accounting principles. The tables include estimated amounts and percentages for the current distributions to be paid as well as for the cumulative distributions paid relating to fiscal year to date, from the following sources: net investment income; net realized short-term capital gains; net realized long-term capital gains; and return of capital. The estimated compositions of the distributions may vary because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities and currencies.

The Fund's estimated sources of the current distributions to be paid and for its current fiscal year to date are as follows:

Estimated Amounts of Current Distribution per Share

Fund	Distribution Amount	Net Investment Income		Net Realized Short-Term Gains[4]		Net Realized Long-Term Gains		Return of Capital	
IFN	$0.4300	–	–	–	–	$0.4300	100%	–	–

Estimated Amounts of Fiscal Year to Date Cumulative Distributions per Share

Fund	Fiscal Year[5] to Date Distribution Amount	Net Investment Income		Net Realized Short-Term Gains[4]		Net Realized Long-Term Gains		Return of Capital	
IFN	$0.4300	–	–	–	–	$0.4300	100%	–	–

[4] includes currency gains.

[5] IFN has a 12/31 fiscal year end.

Where the estimated amounts above show a portion of the distribution to be a "Return of Capital," it means that Fund estimates that it has distributed more than its income and capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur for example, when some or all of the money that you invested in a Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The amounts and sources of distributions reported in this notice are only estimates and are not being provided for tax reporting purposes. The final determination of the source of all distributions for the current year will only be made after year-end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of the fiscal year and may be subject to change based on tax regulations. After the end of each calendar year, a Form 1099-DIV will be sent to shareholders for the prior calendar year that will tell you how to report these distributions for federal income tax purposes.

The following table provides the Fund's total return performance based on net asset value (NAV) over various time periods compared to the Fund's annualized and cumulative distribution rates.

Fund Performance and Distribution Rate Information

Fund	Average Annual Total Return on NAV for the 5- Year Period Ending 01/31/2023[6]	Current Fiscal Period's Annualized Distribution Rate on NAV[7]	Cumulative Total Return on NAV[6]	Cumulative Distribution Rate on NAV[7]
IFN	2.57%	N/A[8]	0.61%	N/A[8]

[6] Return data is net of all fund expenses and fees and assumes the reinvestment of all distributions reinvested at prices obtained under the Fund's dividend reinvestment plan.

[7] Based on the Fund's NAV as of January 31, 2023.

[8] The Fund's fiscal period to date is January 1, 2023 to January 31, 2023 and there were no distributions in this period.

Shareholders should not draw any conclusions about a Fund's investment performance from the amount of the Fund's current distributions or from the terms of the distribution policy (the "Distribution Policy").

Important information

Past performance is no guarantee of future results.

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International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments. Concentrating investments in the Asia-Pacific region subjects the Company to more volatility and greater risk of loss than geographically diverse funds. Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

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