The India Fund, Inc.

Quarterly Commentary

First Quarter 2023

Fund performance

The India Fund returned -1.51%[1] on a net asset value (NAV) basis for the first of 2023, outperforming the -6.35% return of the benchmark, the MSCI India Net Index[2].

Stock selection in utilities was the largest contributor. The bulk of the outperformance here came from not owning the Adani Group of companies, including Adani Enterprises, Adani Total Gas, Adani Green Energy and Adani Transmission, which were targeted by a short-seller accusing the conglomerate of stock manipulation and accounting fraud. Despite Adani's eye-watering valuations last year, we have always been clear about our reservations over the transparency and accounting practices of this group. We have maintained that those sky-high valuations were not being supported by fundamentals. The share price correction following the short-seller report vindicates our view on Adani, and is a nod to our rigorous investment process that filters out low quality companies at the onset. In an aside to the energy sector, Reliance Industries also underperformed the benchmark, a company we avoid on similar grounds as Adani. On the other hand, our core holding in utilities, Power Grid Corporation of India, contributed to returns. Power Grid shares were resilient as the company's third-quarter results broadly met market expectations and cash generation remained healthy.

Our holdings in financials also worked out well. PB Fintech, which runs the online insurance platform Policybazaar, was the top stock contributor among our holdings. It was one of the high-quality growth stocks in our portfolio that was beaten down in 2022 due to the rotation away from growth to value, despite continued strong underlying fundamental performance. The company reported results indicating it was on track to turn profitable at the group level in the next financial year. Our core banks, ICICI Bank and HDFC Bank, also held up relatively better than other lenders as the banking sector was weighed down first by concerns over Adani. Indian banks were relatively resilient in light of global contagion fears following Silicon Valley Bank's collapse in the U.S. and Credit Suisse's takeover by UBS.

Stock selection in the industrials and consumer staples sectors was robust too. ABB India's strong portfolio of products and services continued to gain from the recovering capex cycle and added to relative returns, while non-exposure to Adani Enterprises was beneficial. Elsewhere, ITC reported results that beat market expectations, driven by price increases and robust cigarette sales volume. Hindustan Unilever also outperformed the benchmark. It remains a quality operator, with the potential to benefit from easing input costs and gradual demand recovery in India.

At the stock level, Aegis Logistics' shares outperformed on positive sentiment ahead of its results amid elevated energy prices. In addition, UltraTech Cement benefitted from strong demand from infrastructure and housing and an uptick in private sector capex.

Conversely, Godrej Properties was weighed down by sentiment around rising mortgage rates despite recent data showing robust growth for residential home sales in India's major markets. Even with near-term weakness, we think Godrej remains in a good position to capture the structural market consolidation and the industry upcycle, with a robust balance sheet and the lowest cost of debt relative to the sector. Elsewhere, the non-holding HCL Technology's share price recovered from December lows on resilient results. However, we prefer higher quality peers such as Tata Consultancy Services and Infosys, which also held up well with resilient results and management remaining more constructive than expected.

[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.

The main detractor was the transportation holding in Container Corporation of India (Concor), an indirect casualty of the Adani rout. As part of the government's divestment strategy, Concor had been put up for privatization and the Adani Group was among the leading bidders for the company. The share price collapse in the Adani Group may now delay the privatization process.

Over the quarter, we re-initiated Axis Bank as we are constructive on the banking sector and the management's turnaround efforts have started to materialize. We initiated Tata Consumer Products to complement our existing consumer staples holdings Hindustan Unilever and Nestle, given the recovering domestic demand. The company has attractive growth prospects, well-known promoter backing, strong financials and professional management. We also introduced Titan across our funds as a high-quality, attractive consumer play with good long-term prospects. Titan has solid brand recognition and scale advantages.

Conversely, we exited Delhivery, Piramal Enterprises and Piramal Pharma to fund more compelling opportunities elsewhere. Likewise, we exited Mphasis to consolidate our IT exposure into the highest conviction names amid rising expectations of a global recession that is likely to affect technology spending across the board.

Cumulative and annualized total return as of 3/31/23 (%)

	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	1.04	-1.51	-1.51	-11.42	15.42	3.68	7.48	8.44
Market Price	0.07	5.14	5.14	-5.49	19.80	6.05	8.54	8.07
MSCI India Index (Net TR)	1.16	-6.35	-6.35	-12.17	22.22	6.15	7.00	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 3/31/23)

ICICI Bank Ltd	9.1
Infosys Ltd	7.8
Housing Development Finance Corp Ltd	7.2
Hindustan Unilever Ltd	7.0
Tata Consultancy Services Ltd	5.1
Bharti Airtel Ltd	4.3
HDFC Bank Ltd	4.2
UltraTech Cement Ltd	3.9
Power Grid Corp of India Ltd	3.9
SBI Life Insurance Co Ltd	3.5
Percent of Portfolio in Top Ten	**56.1**

Source : abrdn 3/31/2023.

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	10.89%
Market price distribution rate	10.85%

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

Market review

Indian equities declined over the quarter, underperforming the broader Asia-Pacific region and global emerging markets. The MSCI India Index fell 6.35% in U.S. dollar terms with all sectors except consumer staples in the red. The U.S. Federal Reserve's continued rate tightening and the precipitous sell-off in Adani shares starting late January weighed on market sentiment. The share prices of Adani entities unravelled post a US-based short-seller's report alleging "brazen stock manipulation and accounting fraud" over decades.

On the economic front, inflation remained comparatively reasonable following aggressive monetary tightening from the central bank last year, easing to 5.66% in March, back within the Reserve Bank of India's upper tolerance limit of 6%. Manufacturing activity for the same month too grew at its fastest pace in three months, after a dip in pace in the previous month, amid easing supply chain worries. Elsewhere, goods exports declined 13.9% to $38.38 billion and imports declined 7.9% to $58.11 billion, bringing the March trade deficit to $19.73 billion.

Outlook

India remains one of the fastest-growing countries in the world, supported by a relatively stable macroeconomic environment where government spending, a revival in consumption and easing of supply chain bottlenecks are likely to partially offset headwinds from higher rates and a potential slowdown in the global economy. In a pro-growth budget for the 2024 fiscal year, the government once again doubled down on its public capex push, making it a strategic priority to revive growth and create more jobs.

The domestic economy is showing signs of a cyclical upswing. Inflation pressures have eased in recent months, and the currency is holding up. The real estate market is seeing momentum and infrastructure is being built. Consumer spending is gradually improving as credit growth is picking up, supported by a favourable policy backdrop. All of this is helping to sustain attractive earnings growth and a recovery in return on equity. On the other hand, India's external balances remain a little 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 well as the impact of a high interest rate and inflation environment on domestic demand.

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 paid this month 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[5] to Date Cumulative Distributions 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%	–	–

[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	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

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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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