aberdeen Investments

The India Fund, Inc.

Quarterly Commentary

Quarter ended December 31, 2025

Fund performance

Performance in the final quarter of 2025 was disappointing: while the Fund rose by 1.92%, it underperformed the benchmark by 278 basis points. This was driven mainly by negative stock selection effects in the energy, financials, healthcare and materials sectors.[1]

Within energy, Reliance Industries weighed on relative returns. With a 6.8% benchmark weight, the index bellwether's strong performance created a drag given that we do not own the stock, or its subsidiaries, due to longstanding concerns around corporate governance and capital allocation. Its size means Reliance can create volatility in our relative performance year-to-year. Our holding in Aegis Logistics in this sector also underperformed despite the company's results beating market expectations. The delay in the commissioning of a major pipeline in India pressured the stock. With Aegis already announcing the bulk of its capex until financial year 2030, execution risk is something we are watching closely.

In the financials sectors, the Fund's holding in Aptus Value Housing Finance underperformed despite the company reporting solid profitability for the September quarter. Underlying trends pointed to moderating growth, margin compression and rising credit costs. Fundamentally, Aptus remains stable with continued pricing power. Among our private lenders, shares of Karur Vysya Bank, a relatively new initiation, did well, benefitting from sector-level lending growth momentum and improving asset quality trend. However, ICICI Bank was a detractor amid near-term overhang from potential management transition.

Cumulative and annualized total return as of 12/31/25 (%)

	NAV	Market Price	MSCI India Index (Net TR)
1 month	-1.53	-5.12	-0.49
3 months	1.40	-0.19	4.78
Year to date	-6.04	0.85	2.62
1 year	-6.04	0.85	2.62
3 years (p.a.)	9.91	10.48	11.30
5 years (p.a.)	5.53	6.84	9.88
10 years (p.a.)	7.84	8.40	9.70

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. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

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

Expense ratios

Fiscal year ended December 31(%)

Annual Expenses	Percent of Net Assets
Management Fees	1.05
Other Expenses	0.31
Fee Waiver	0.00
Operating Expenses	1.36
Leverage Costs	0.00
Total Expenses	1.36
Total Expenses before Fee Waiver	1.36

[1] 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.

For current holdings information, please visit **The India Fund, Inc. - Portfolio Holdings**

More positively, among the insurers, SBI Life Insurance was a top contributor. Its share price rose as the company's total annual premium equivalent year-on-year materially improved in November, supporting the outlook on the value of new business growth and margin. This supports our view that SBI Life remains a beneficiary of the September 2025 GST reform.

Elsewhere at the stock level, Siemens Energy India's shares declined due to delays in new project wins, though revenues tend to be lumpy in this industry. Our exposure to the pharmaceuticals name, Concord Biotech, also lagged as the company's export shipments stayed weak.

On the other hand, Bharti Airtel benefitted from investors shifting towards defensive sectors to ride out the market volatility, while slowing 5G-related capex and rising monetisation focus reinforced our conviction. Hindalco also performed well, supported by higher aluminium prices and favourable sector trends. Within consumer discretionary, not holding online delivery platform Eternal (Zomato) was positive as its share price remained under pressure amid rising competitive intensity in the sector.

Finally, our real estate holding in Phoenix Mills did well, benefitting from resilient retail consumption performance despite the near-term impact of the company's tenant mix optimisation process.

Market review

Indian equities rose in the fourth quarter of 2025. Market sentiment was driven by several factors, including a goods and services tax (GST) reform before the start of the festive period, a better-than-expected earnings quarter, and gradually improving macroeconomic indicators. The MSCI India Index rose 4.8%, ahead of global emerging markets, the broader Asia Pacific ex-Japan region and developed markets.

On the domestic front, headline inflation remained well below the Reserve Bank of India's 4% medium-term target. The central bank reduced its policy repo rate by 25 basis points to 5.25% in December and maintained a neutral stance. This came despite persistent weakness in the Indian rupee, which depreciated to a record low of 91.03 against the dollar.

The economy grew 8.2% year-on-year over the three months to September, beating the market's expectations, and was higher than the 5.6% print from a year earlier. Despite that, some possible headwinds persist, including the impact of US tariffs on Indian exports. Negotiations for a trade agreement are still ongoing between India and the US, having failed to reach a conclusion by the end of the year.

For the full year, Indian equities delivered a modest performance, trailing global and regional peers after several consecutive years of outperformance. The market's weakness was exacerbated by the rupee's weakness. Factors that weighed included disappointing corporate earnings early in the year, muted government capex and domestic consumption and negative tariff outcomes. India also lacked significant exposure to artificial intelligence-related trades that drove major global markets. Underlying conditions, however, appear to be supportive for a strong rebound to come through in the coming quarters.

Activity

We participated in the initial public offering (IPO) of LG Electronics India, a dominant leader across key segments. Among financial names, we bought IndiGrid Infrastructure Trust, India's first power-sector infrastructure investment trust, and ICICI Prudential AMC, a leading Indian asset manager with a dominant presence in the mutual fund industry, backed by marquee promoters ICICI Bank and Prudential Corporation. We also added Time Technoplast, the world's largest manufacturer of large-size plastic drums with over half of the market share in India.

Conversely, we exited ABB India and Supreme Industries for better opportunities elsewhere.

Outlook & strategy

India's economy and corporate earnings slowed earlier in the year, but we remain constructive. We believe the earnings downgrade cycle is largely behind us. Fiscal and monetary policies continue to support domestic demand and sectoral growth, while credit conditions are improving. Capex is expanding beyond traditional infrastructure, into energy transition, defence, data centres, semiconductors and other strategic areas strengthening India's manufacturing and tech ambitions. With lower interest rates, better liquidity, tax reforms and potential benefits from a US trade deal, still under negotiation, we expect 2026 to be a relatively stronger year for earnings.

The underperformance versus other emerging markets in 2025 has pulled India's valuation premium below the long-term average. In our view, improving fundamentals and more reasonable valuations create a compelling backdrop for Indian equities. As the cycle matures, we expect fundamentals to reassert themselves and Quality as a style to improve. India's long-term growth trajectory remains intact.

History tells us that markets are cyclical and that investment styles move in and out of favour. In 2024, the Fund outperformed by a wide margin in large part thanks to its positioning in high quality cyclical and small-cap stocks. Not owning bellwether stock Reliance Industries was a key contributor. In 2025, those same stocks saw a reversal of fortune and became the biggest detractors to the Fund's performance, despite no material change to their underlying quality.

As an active portfolio manager, we took steps to reposition the fund as the cycle changed, but this proved to be insufficient. Ultimately, we are a bottom-up manager, and our skill lies in picking stocks that will outperform through a cycle thanks to their quality characteristics. We remain confident in the quality of our underlying holdings. Aggregate operating margins now exceed the benchmark average, return on equity remains robust, leverage (net-debt-to-equity) is low and broadly in line with the benchmark, and earnings growth momentum remains strong. The cycle will turn again and quality as a style will mean revert and we remain well positioned for when that time comes. With the earnings cycle bottoming out in India this year and market estimates pointing to a pick-up in growth, that inflexion point may not be far off.

Important information

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.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

Concentrating investments in the India region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Please see the Fund's most recent annual report for more information on risks applicable to the Fund.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Fund. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

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