Aberdeen India Fund, Inc.

Quarterly Commentary

Quarter ended March 31, 2026

Fund performance

The Fund declined by 20.15% in US dollar terms over the quarter, underperforming the benchmark by 252 basis points. Stock selection across energy, consumer discretionary and healthcare were key detractors.[1]

Within energy, our holding in Aegis Vopak detracted amid concerns over near-term liquefied petroleum gas supply disruptions linked to the US-Iran conflict. Not holding ONGC and Coal India also weighed on relative performance as investors rotated into energy and domestic commodity producers.

This was partly mitigated by the Fund's utilities exposure, with NTPC contributing to relative returns. As a regulated utility with stable, visible cash flows and a key role in India's power generation capabilities, NTPC benefitted from its strategic positioning.

In consumer discretionary, our auto holdings underperformed, which was partially outweighed by not holding Maruti. Travel-related names such as MakeMyTrip and Indian Hotels pulled back amid concerns over domestic travel demand and second-order impacts from the Middle East conflict. To mitigate this, we exited MakeMyTrip and reduced exposure to Indian Hotels.

Elsewhere, HDFC Bank declined in March despite a bottom-line beat, with improving margins, resilient fee income and stable asset quality. Investors' focus remained on the elevated loan-deposit ratio and growth concerns, with shares weakening further following the bank chairman's abrupt resignation. We engaged with HDFC Bank's management to obtain initial clarifications and continue to monitor developments closely. This was partly mitigated

Cumulative and annualized total return as of 03/31/26 (%)

	NAV	Market Price	MSCI India Index (Net TR)
1 month	-13.73	-14.95	-14.93
3 months	-17.85	-14.27	-18.13
Year to date	-17.85	-14.27	-18.13
1 year	-17.36	-16.15	-13.43
3 years (p.a.)	3.47	3.21	6.42
5 years (p.a.)	0.61	1.58	4.53
10 years (p.a.)	5.65	6.64	7.80

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
Operating Expenses	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 **Aberdeen India Fund, Inc. - Portfolio Holdings** by Karur Vysya Bank, which benefitted from sector-wide lending momentum and improving asset quality prior to the conflict.

Our healthcare holdings such as JB Chemicals and Pharmaceuticals and Sai Life Sciences did well, given the sector's relatively lower sensitivity to oil prices. Elsewhere, cables and wires manufacturer KEI Industries saw its share price recover on the back of an earnings beat and strong growth visibility supported by favourable sector tailwinds.

Overall, we have been proactive in repositioning the portfolio to insulate it and to protect against downside risk. This includes scaling back exposure to certain capital markets-related and industrial stocks where input cost pressures or supply disruptions could emerge. Instead, we reallocated capital into more defensive names, particularly in utilities and consumer staples. These actions worked well through the month of March, which is when the Iran conflict played out. Not holding index bellwether Reliance was the major drag in March as the stock saw margin expansion in its refining operations because of the conflict. Excluding that, the Fund would have performed in line with the market despite being underweight to oil and gas. We are currently evaluating our oil and gas exposure.

That said, it remains unclear how long the conflict may persist, and what the magnitude of the overall impact will be. Hence, we are monitoring the situation closely and remain highly vigilant, ready to adjust the portfolio if the need arises.

Market review

It has been a challenging start to the year for Indian equities. The conflict between the US and Iran, which began at the end of February, disrupted supply chains and pushed oil and gas prices sharply higher, placing significant pressure on global risk assets. The MSCI India Index fell by 18% in US dollar terms, with all sectors negative except utilities, and underperformed both regional and developed markets as investors shifted to a risk-off stance.

As a net importer of crude oil and liquefied natural gas (LNG), India faces near-term macroeconomic headwinds from the ongoing Middle East conflict. While a fragile two-week ceasefire is currently in place, talks between the US and Iran failed to resolve the situation. The Strait of Hormuz, a critical shipping route for oil and gas into Asia, remains closed, with the US announcing its own blockade of the strait. If the war is prolonged, persistently higher energy prices are likely to lift inflation, squeeze corporate margins and trigger a new round of earnings downgrades. Weaker consumption and rising fiscal pressures could further weigh on growth. India has already implemented excise duty cuts on fuel to help keep pump prices stable.

Domestically, India's financial year 2027 budget focused on fiscal consolidation and realistic tax assumptions, alongside a rebalancing of capex towards sectors expected to drive the next phase of growth. Elsewhere, India released revised data series to calculate gross domestic product and inflation numbers. The headline consumer price index rose in February and March, driven by higher food prices. While the initial impact from West Asia appeared contained, inflationary pressures are expected to build in the coming months. The Reserve Bank of India also intervened in the forex market to smoothen out excessive volatility.

Against this backdrop, foreign institutional investors recorded net equity outflows of $13.3 billion in March, alongside $0.7 billion of bond outflows.

Activity

In terms of activity over the quarter, we bought Central Depository Services, one of the two depositories in India that stores securities in an electronic form. We initiated Multi Commodity Exchange of India, India's largest commodity derivatives exchange providing a transparent and regulated platform for trading in commodity futures and options.

Within healthcare, we reintroduced Fortis Healthcare, a high-quality hospital and diagnostics play. We also added Sai Life Sciences, one of the largest integrated contract research, development, and manufacturing players with labs and manufacturing facilities across India, the UK and the US.

Elsewhere, we initiated a position in Hindustan Aeronautics, which manufactures military aircrafts, helicopters and engines as well as provides repair and maintenance services for defence platforms. We bought Marico, a branded consumer products company in the beauty and wellness space. We also added Petronet LNG, a play on gas demand growth in India, which we initiated on the weakness.

Conversely, we exited Aptus Value Housing Finance, Info Edge, ITC and the tail position in ICICI Prudential Asset Management for better opportunities elsewhere. As mentioned, we sold MakeMyTrip due to near-term headwinds from the Middle East conflict and uncertainty around the India listing. We also sold Poly Medicure and used the proceeds to fund the reinitiation of Fortis Healthcare.

Outlook & strategy

We continue to be constructive on India over the long term, with multiple structural growth drivers. Near-term, we expect some energy and supply chain-related headwinds due to the US-Iran conflict, given that India is a net importer of oil and LNG. Higher energy prices are weighing on the current account deficit and on the currency, while prolonged disruption to energy supply could have further implications for growth of the economy. Much depends on how long the conflict continues, but in the near term, we deem it prudent to insulate the portfolio from these headwinds.

Fiscal and monetary policies remain supportive, aimed at boosting domestic demand and sectoral growth while tackling the near-term impact of energy supply disruption. Credit is improving while capex is expanding beyond traditional infrastructure into areas such as energy transition, defence, data centres, semiconductors and other strategic sectors, positioning India as a global manufacturing and tech hub.

Meanwhile, India's underperformance versus other emerging markets has pushed its valuation premium below the long-term average. In our view, improving fundamentals combined with less frothy valuations create a compelling set-up for the Indian market going forward. As the cycle evolves, we expect fundamentals to reassert themselves and for the performance of Quality as a style to improve. In the longer term, the growth trajectory for India is intact.

Crucially, the Fund continues to hold high-quality stocks. While style rotation and market crosswinds have weighed on near-term returns in 2025, the underlying strength is intact. Aggregate operating margins have improved and now exceed the benchmark average, return on equity remains robust and leverage, as measured by net debt-to-equity, is low and broadly in line with the benchmark. Earnings growth momentum remains strong.

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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Ref. AA-210426-207036-39