

India Outlook

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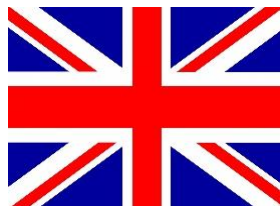
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INDIA IN PERSPECTIVE



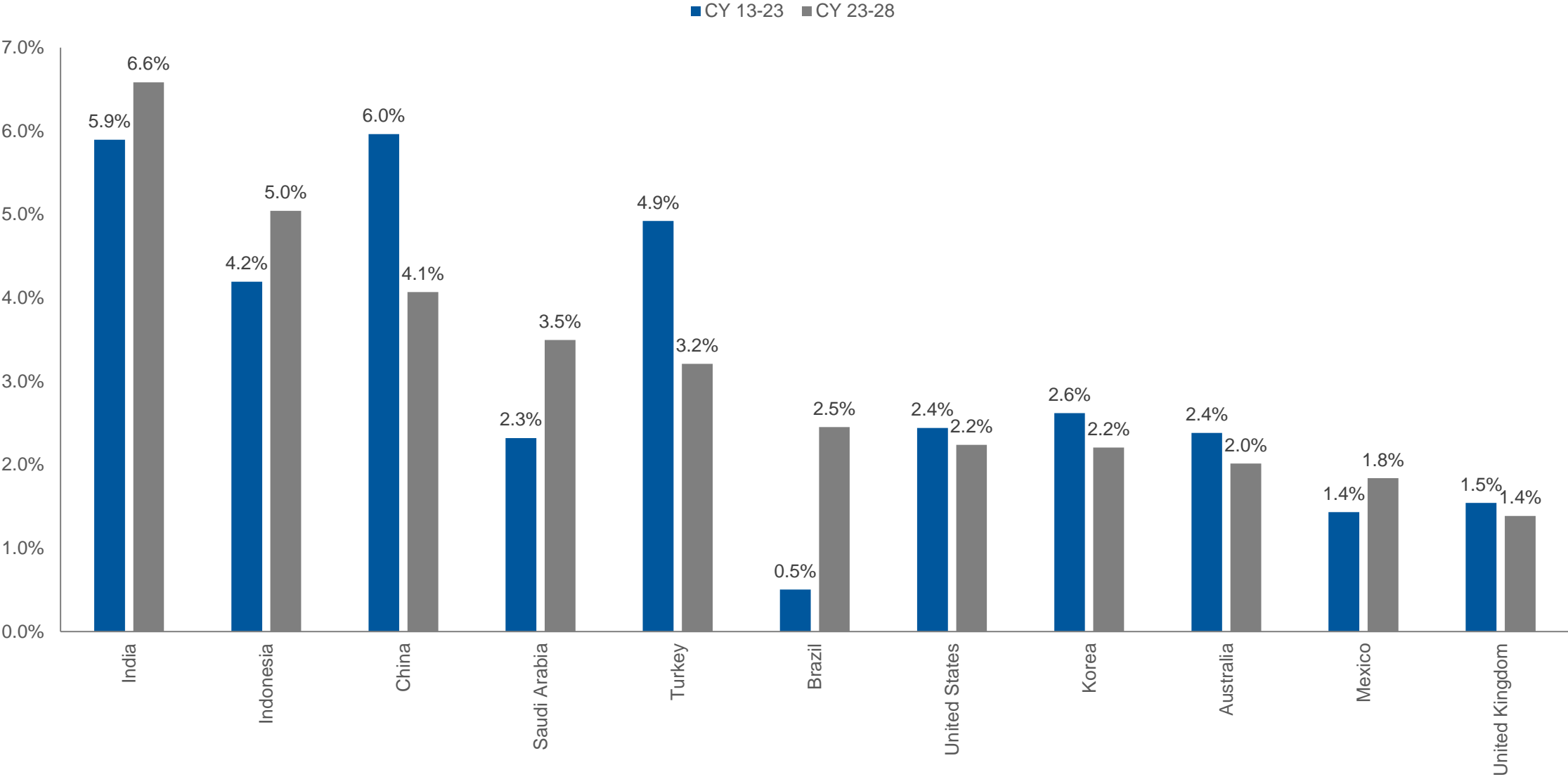
VS



| | Demographics | |
|--------------|------------------------|-------------|
| 41 years | Average Age | 28 years |
| 16 million | 25 years or below | 600 million |
| Growth Rates | | |
| 3,800 | GDP \$bn in 2026 (WB) | 4,700 |
| 0.9% | GDP growth 2024 (IMF) | 6.5% |
| | Debt | |
| 101% | General Govt Debt/GDP | 83% |
| 78% | Household Debt/GDP | 39% |
| Macro | | |
| 186 | FX Reserves (Feb 25) | 654 |
| 3.0% | Inflation CPI (Jan 25) | 4.3% |

Source: Ocean Dial Asset Management, IMF, CLSA India



REAL GDP GROWTH: FASTEST GROWING LARGE ECONOMY

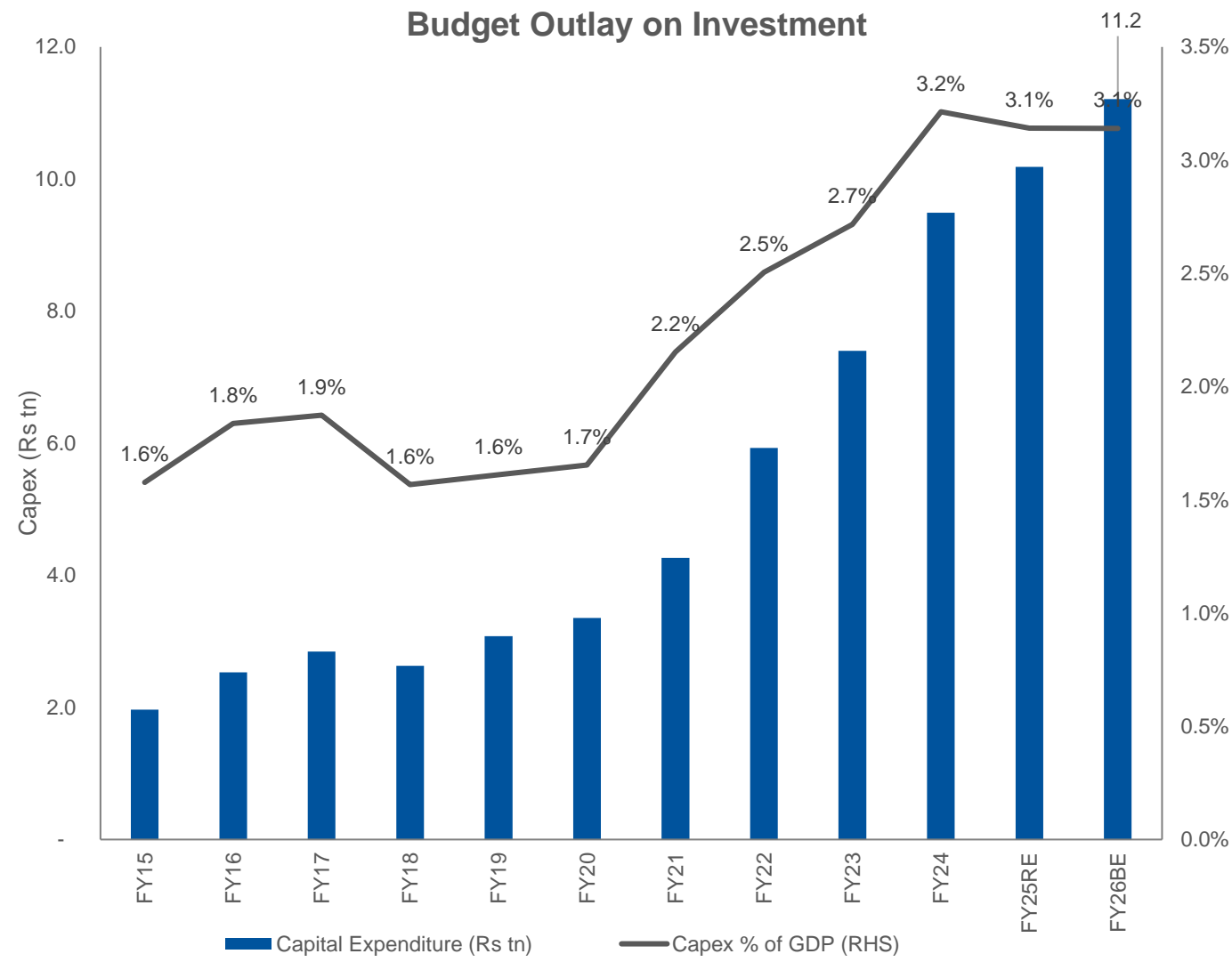


Source: Ocean Dial Asset Management, IMF estimates. Data updated as of October 2024

ECONOMY: TRANSFORMATION



-  **POLITICAL STABILITY:** 3rd term of Modi Government
-  **PHYSICAL INFRASTRUCTURE:** Overhauled







Source : Union Budget Documents, Investec, 1 Feb 2025; RE stands for revised estimates and BE stands for budgeted estimates

DIGITAL PUBLIC INFRASTRUCTURE: INDIA'S SUCCESS STORY



E-Governance Initiatives

| | |
|---|---|
|  | Over 380 million transactions per month worth US\$760 million. |
|  | 16 billion transactions per month worth US\$250 billion |
|  | 500 million users 9.28 billion documents* |
|  | \$84 billion Direct Benefit Transfers FY24 |

Source: Jefferies, Statista, National Payments Corporation of India, Ocean Dial. Govt. of India, Logos used have been sourced from government websites.

MACROS: REMAIN COMFORTABLE

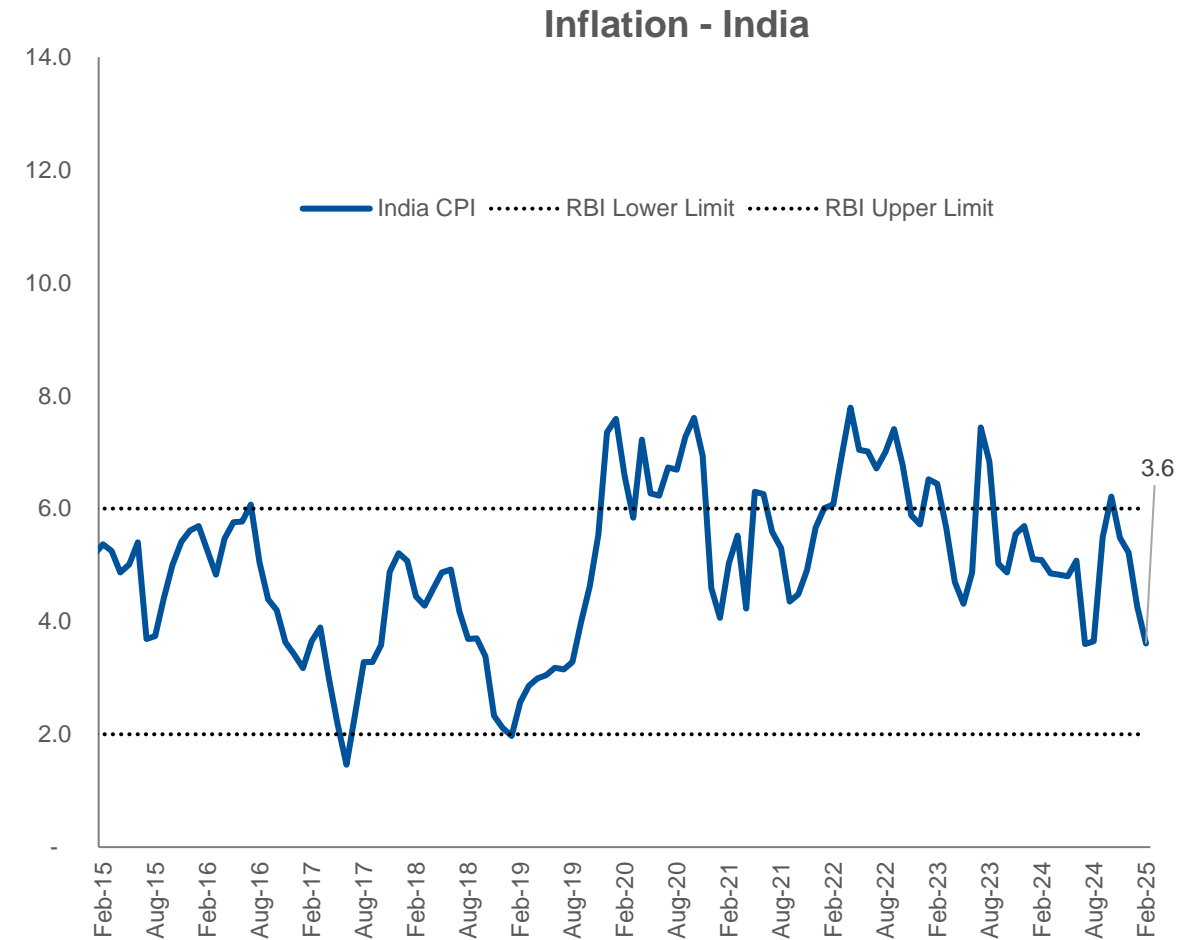
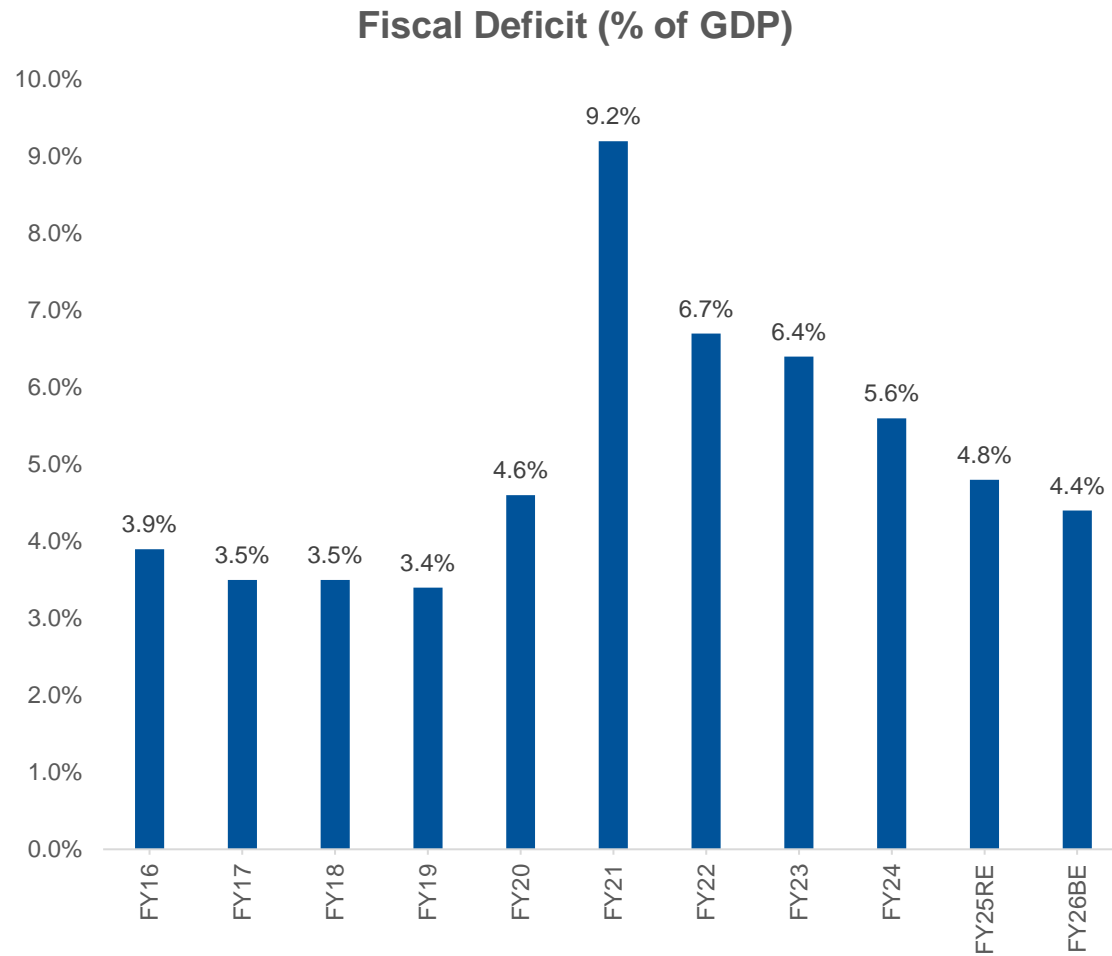
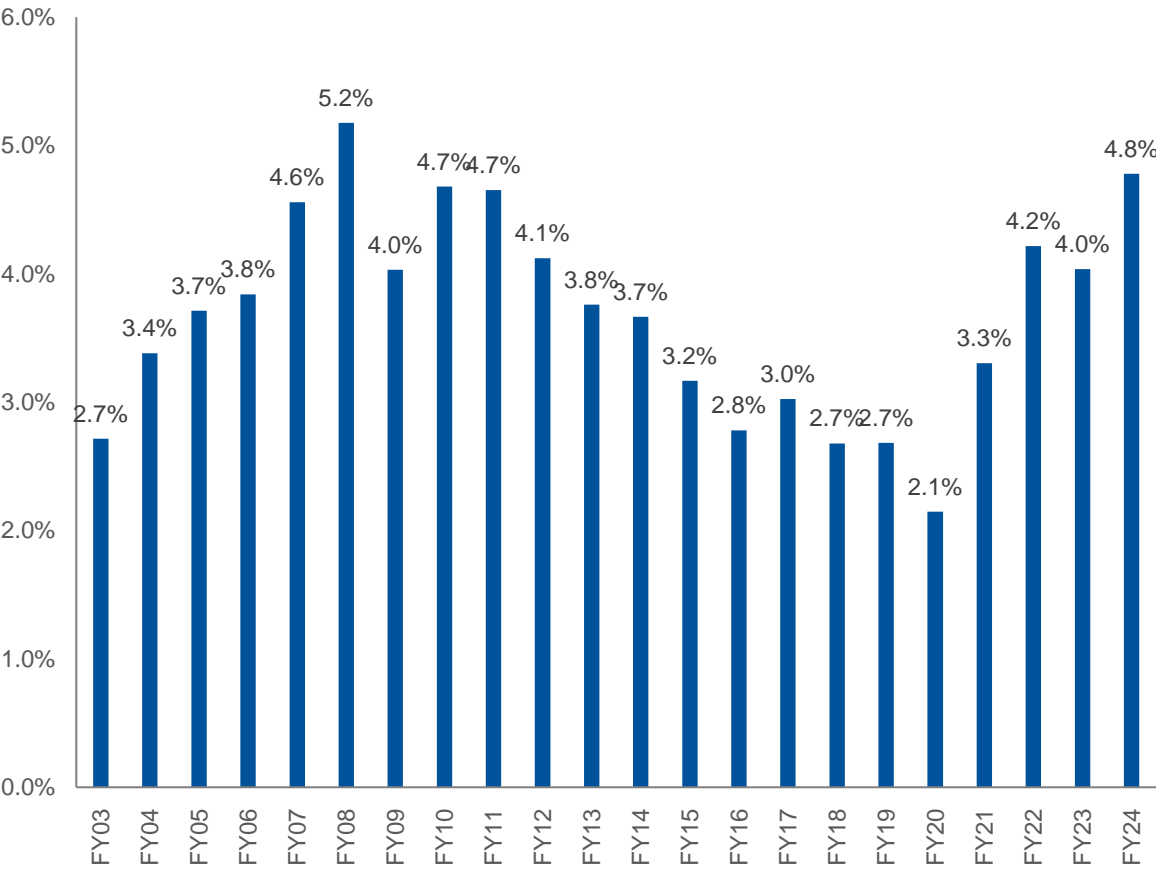


Figure 1 Source Govt. Budget documents Report dated February 2025. Figure 2 Source Bloomberg Data as of 28-Feb-2025
E stands for estimates, RE stands for revised estimates & BE stands for budgeted estimates.

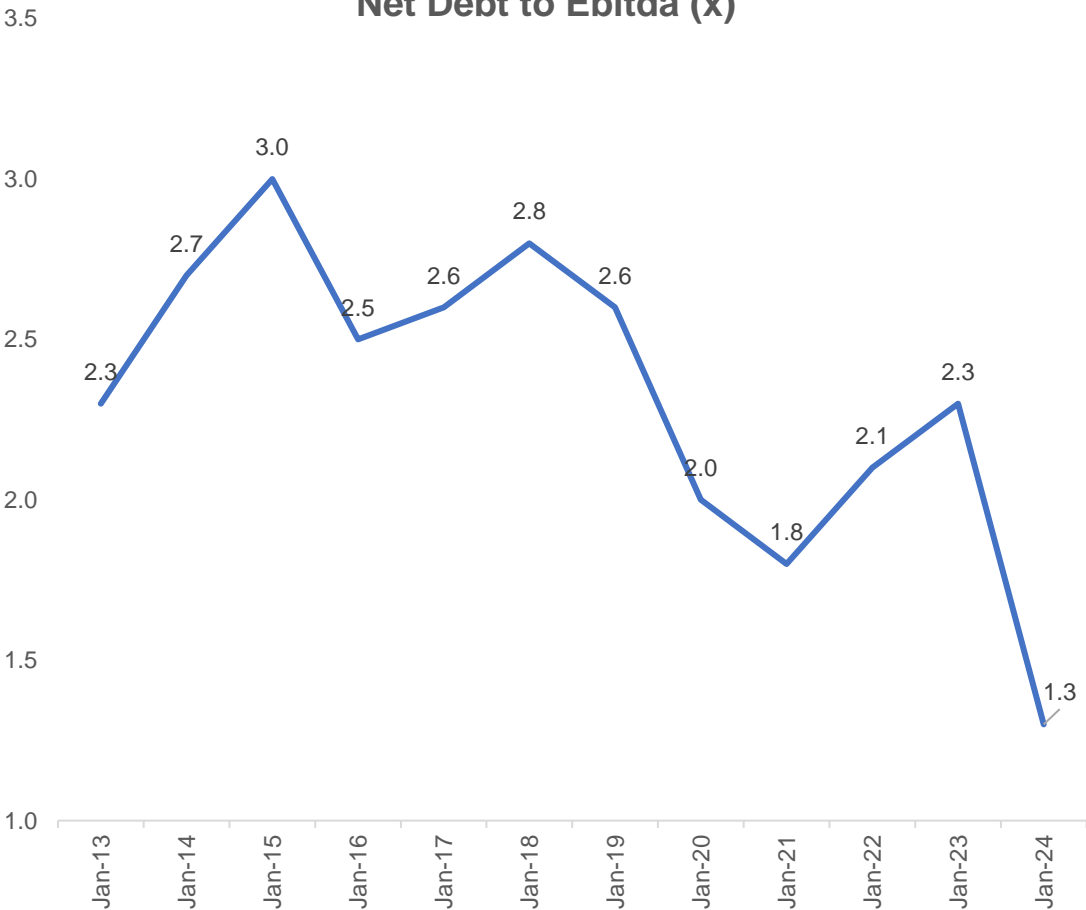
CORPORATE SECTOR: STRONG BALANCE SHEETS, HIGH PROFITABILITY



Corp profit to GDP ratio (Nifty 500 companies)



Net Debt to Ebitda (x)



Source: Figure 1: Motilal Oswal, Ocean Dial Asset Management, 31 March 24; Figure 2: Bloomberg, CLSA 12 September 2024

SLOWDOWN IN GROWTH IN 2024



- QUARTER GDP & EARNINGS GROWTH HIT 4 YEAR LOW
- ELECTION DISRUPTION
- MONETARY TIGHTENING
- WEAK CONSUMPTION
- GEOPOLITICAL HEADWINDS

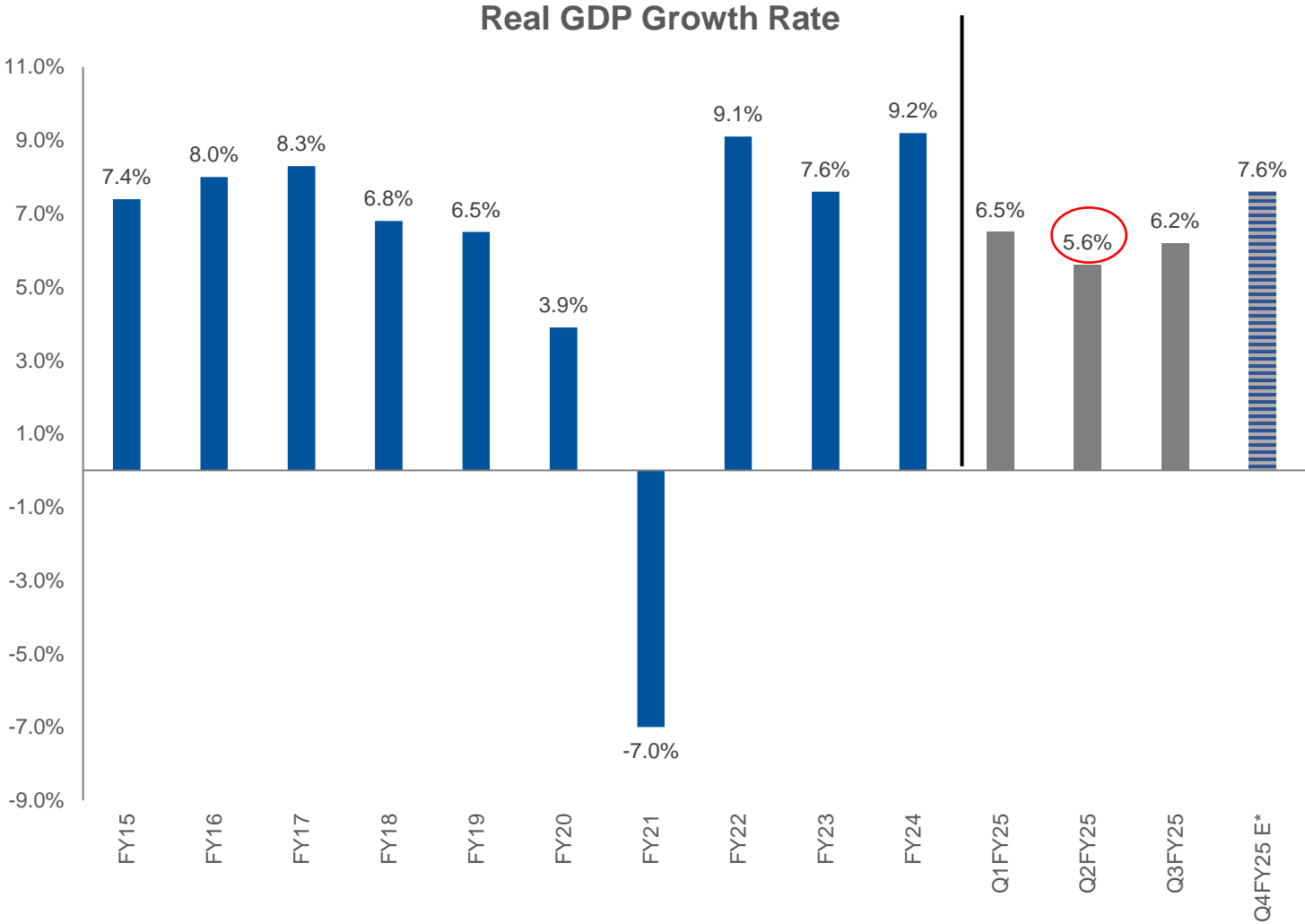


Figure 1 Source Investec, Government of India, as of Feb 2025, E stands for estimates.

GOVERNMENT: ECONOMY CORE FOCUS IN 2025



ELECTION FREE YEAR

2024 had national and four state elections
2025 only one state election – Bihar (Nov.)
BJP/Allies rule 22/28 states

RBI COMMENCES RATE CUT CYCLE

After 5 years rate cut by 25bps
Injecting liquidity in system
Reverses credit tightening measures

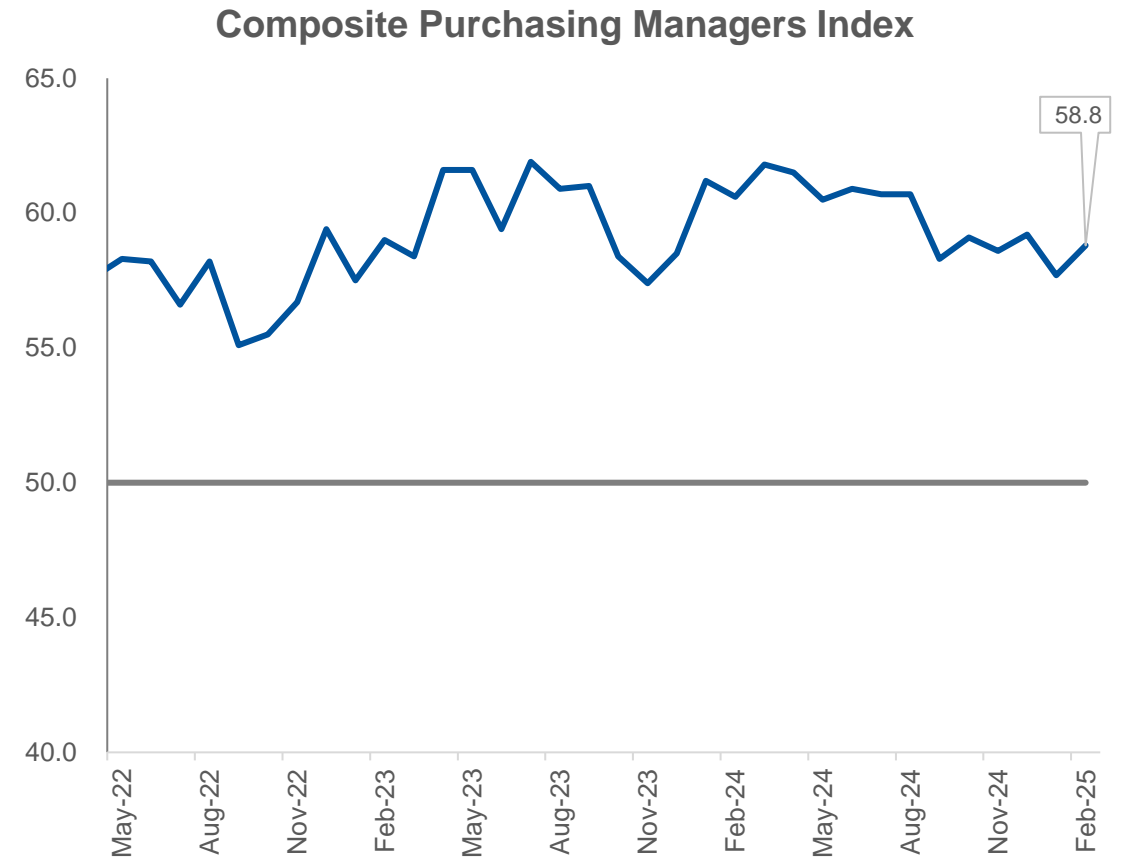
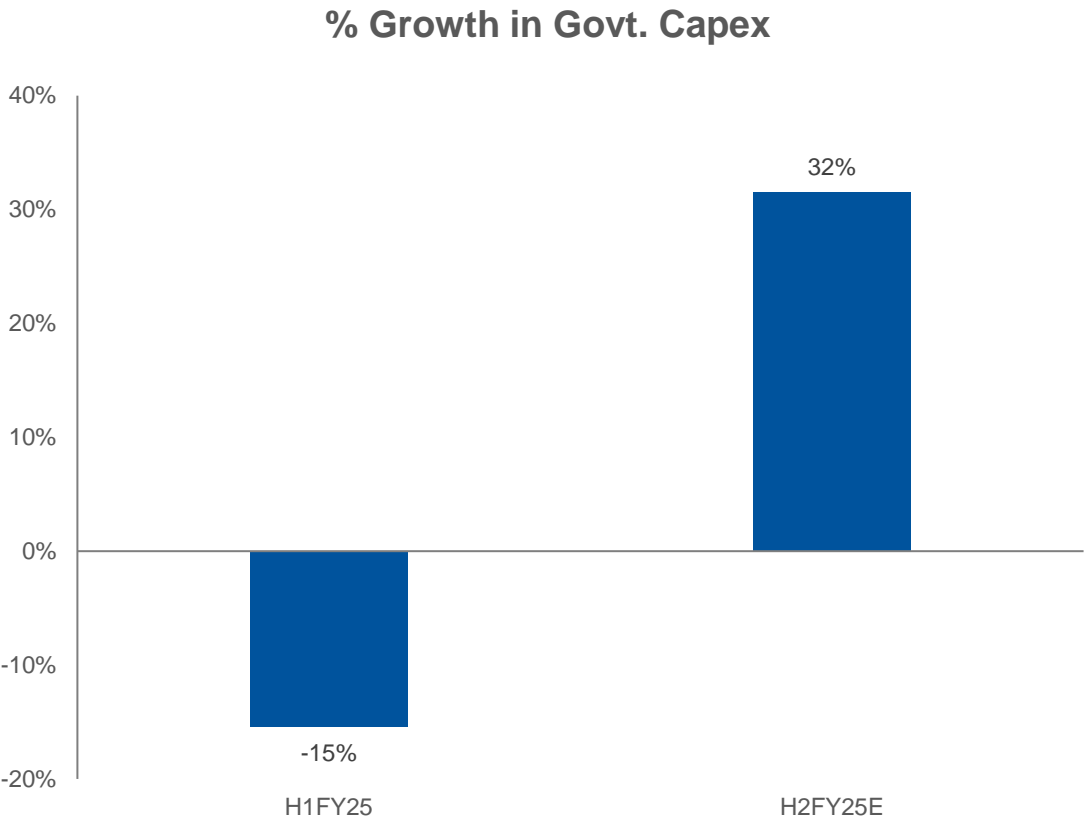
BUDGET PIVOTS TO BOOST CONSUMPTION

Substantial tax breaks for individuals
While maintaining capex momentum

STRUCTURAL DRIVERS STILL IN PLACE

Sentiments have weakened

GOVERNMENT: GREEN SHOOTS VISIBLE

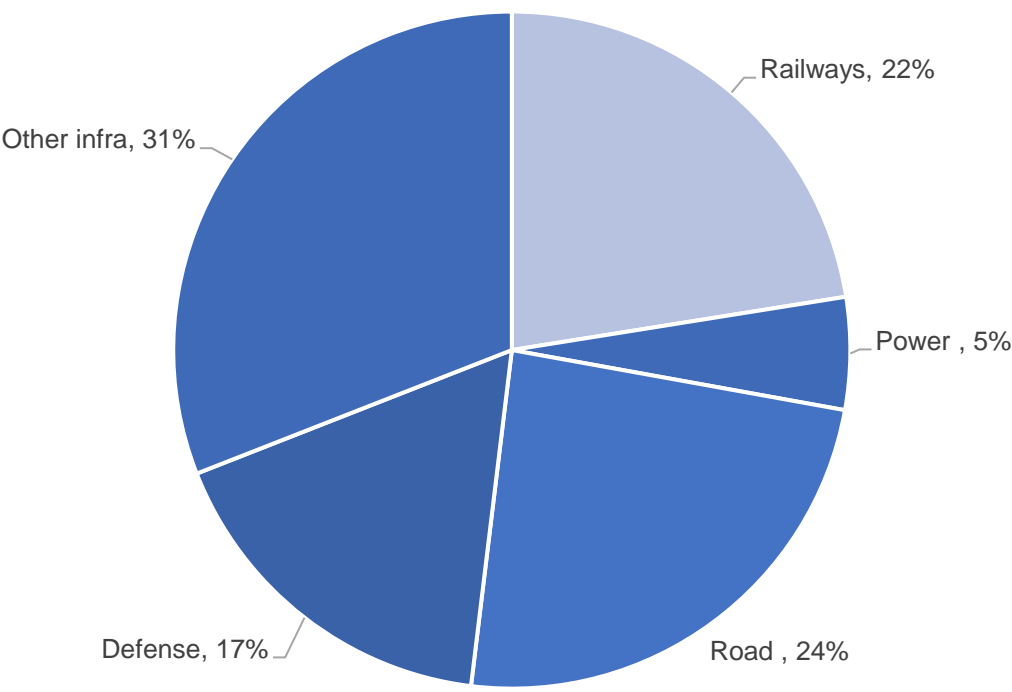


Source: Figure 1 - Govt. Budget documents. Report dated February 2025. Figure 2 - Bloomberg Data as of 28 February 2025, E stands for estimates.

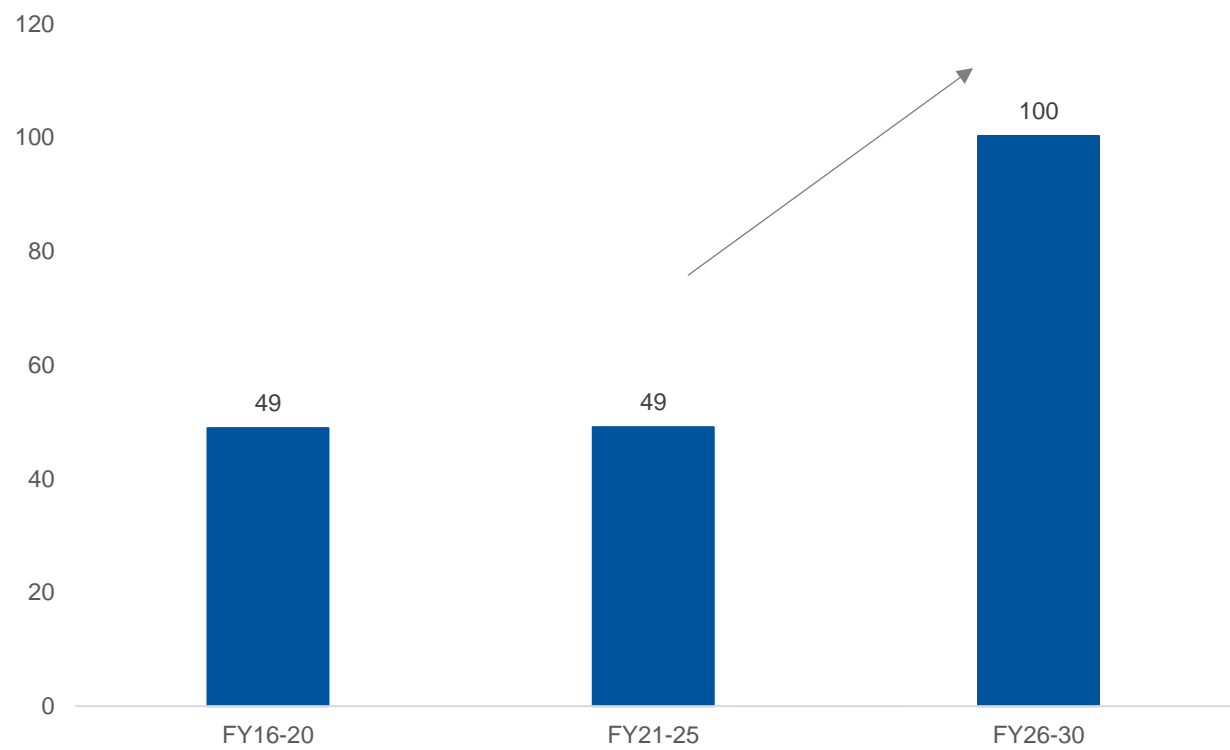
INVESTMENT PIPELINE REMAINS ROBUST



US\$ 130bn Infrastructure Capex by Govt. in FY26

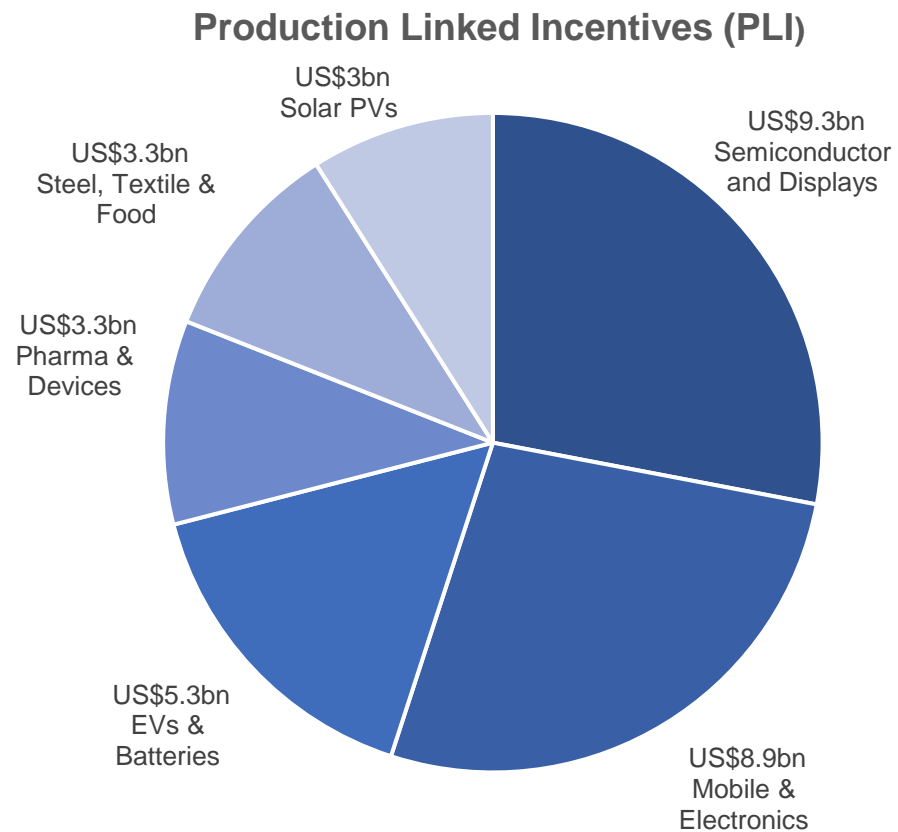


Private Sector: Projected annual capex (US\$bn) to double



Source: Figure 1: HDFC Securities Union Budget 2026, Figure 2: Avendus Spark Strategy

MANUFACTURING SECTOR : US\$ 33 BN INCENTIVE PACKAGE DRIVING INVESTMENTS

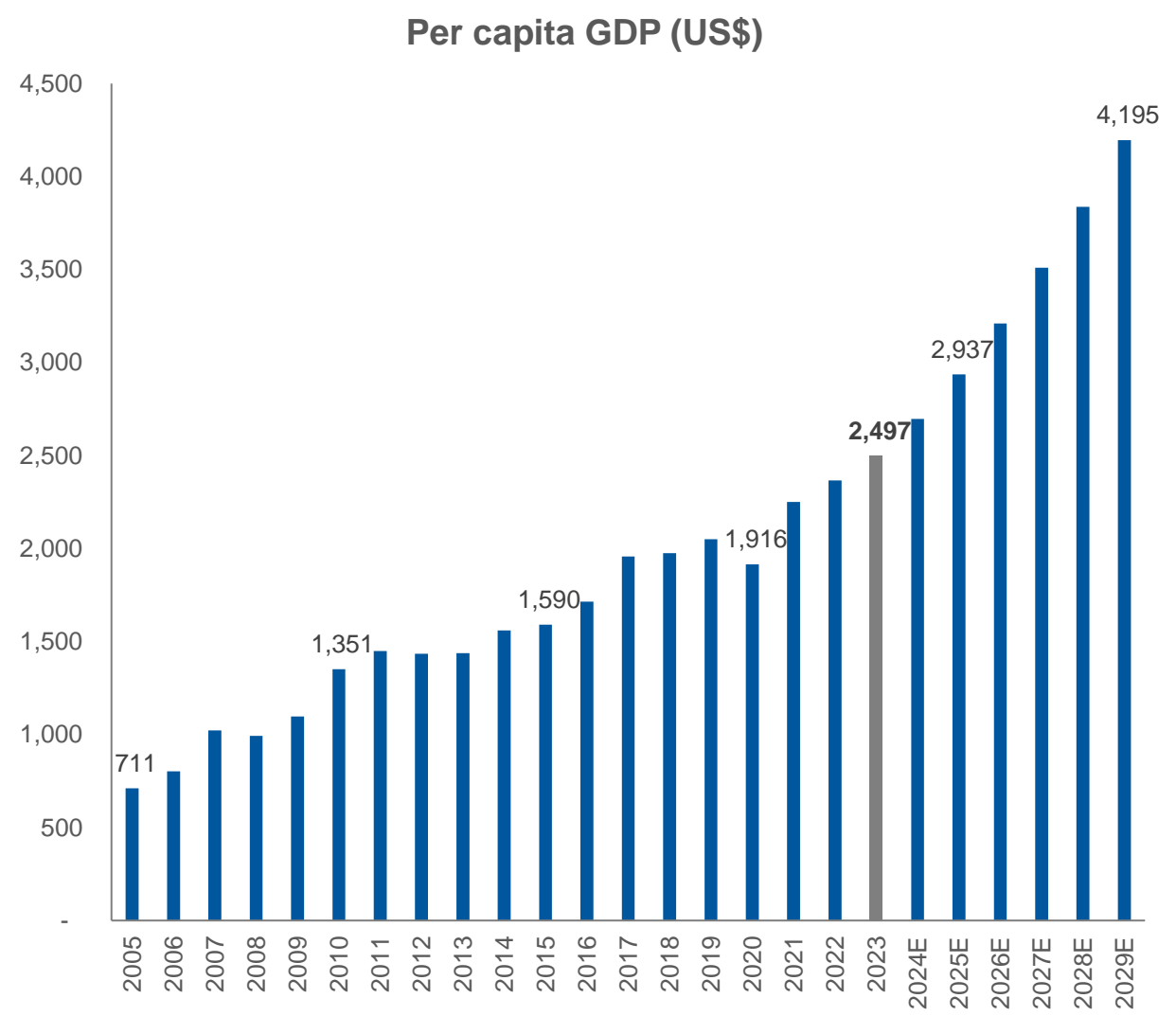
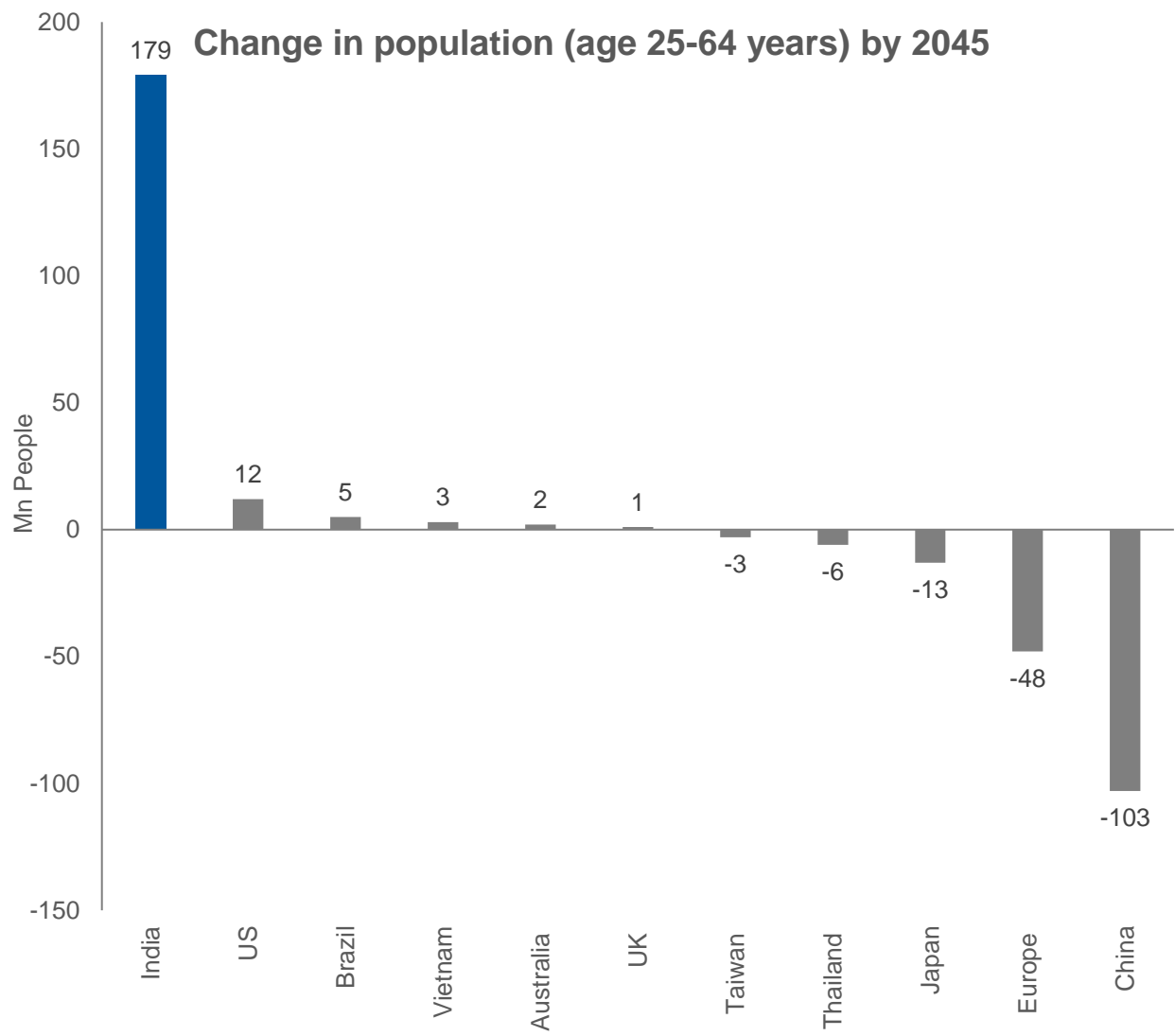


 14 SECTORS

 PREDEFINED INCENTIVE TARGETS

 VISIBLE IMPACT

INDIA CONSUMPTION STORY: FAVORABLE DEMOGRAPHICS

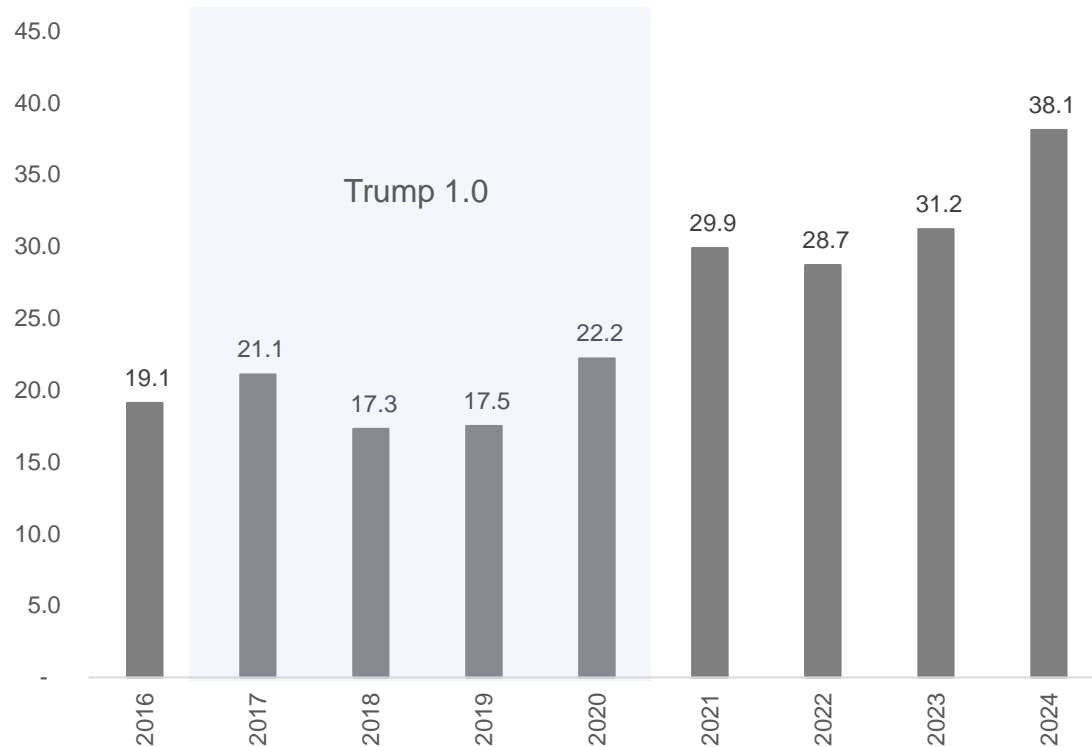


Source: Figure 1: UN, Jefferies, Figure 2: Ocean Dial Asset Management, IMF estimates

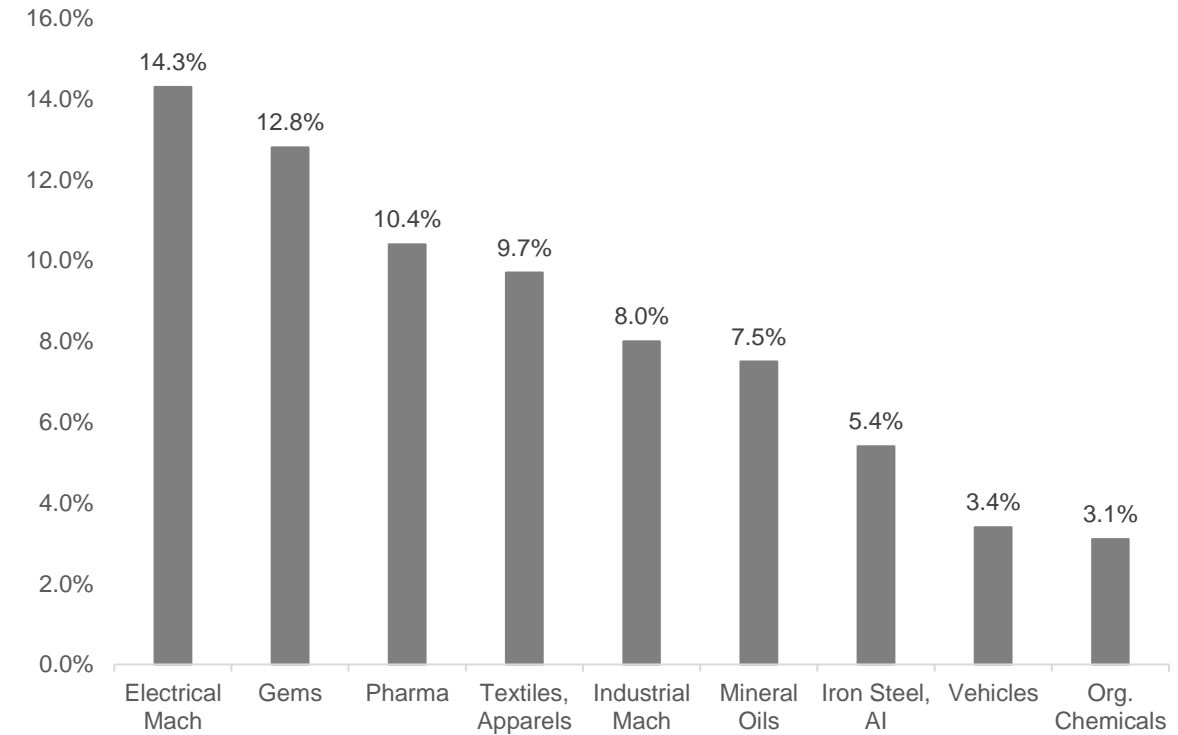
TRUMP TARIFF: 'INDIA IS TARIFF KING'



India's trade surplus with the US (USD bn)



Share of total Indian exports to the US (%)



🇮🇳 INDIA RANKS AS 10TH LARGEST US TRADE PARTNER (USD129B)

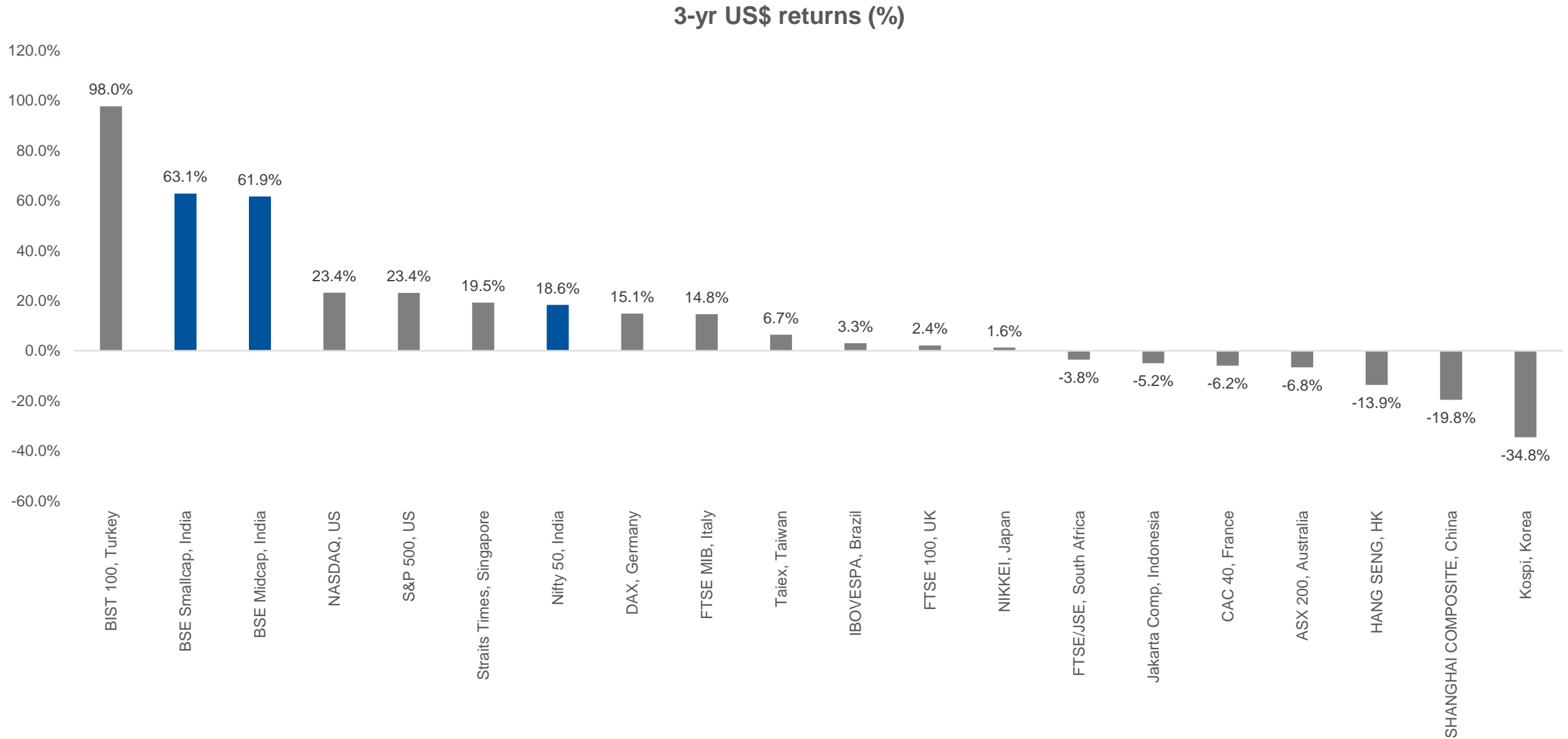
🇮🇳 MODI AMONG FIRST LEADER TO MEET TRUMP

🇮🇳 AVERAGE IMPORT DUTY OF 9.5% VS 3% IMPOSED BY US

🇮🇳 UNCERTAINTY CAUSES CONCERN

Equity Market

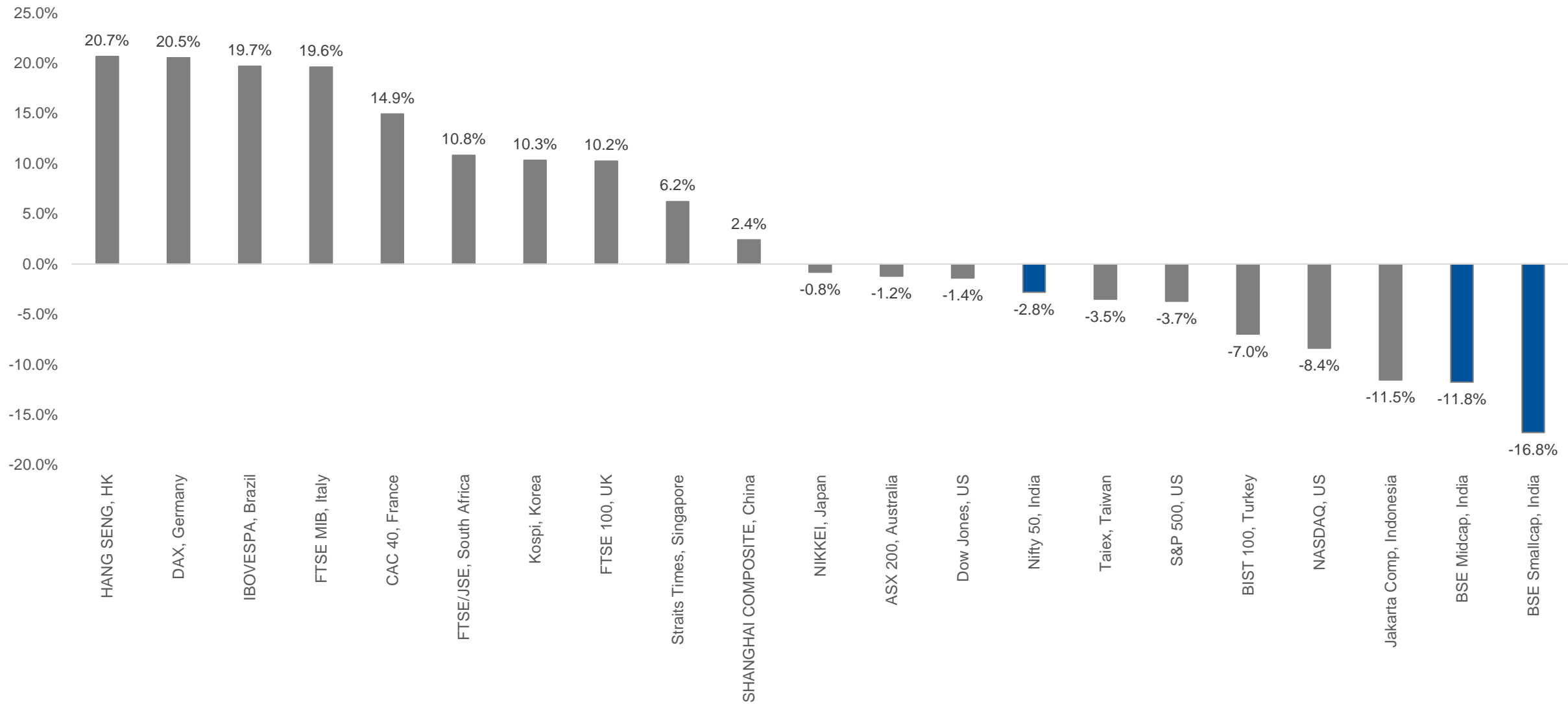
INDIA: TILL DEC'24 – INDIA AMONG BEST PERFORMING MARKETS



INDIA: SHARP CORRECTION YTD

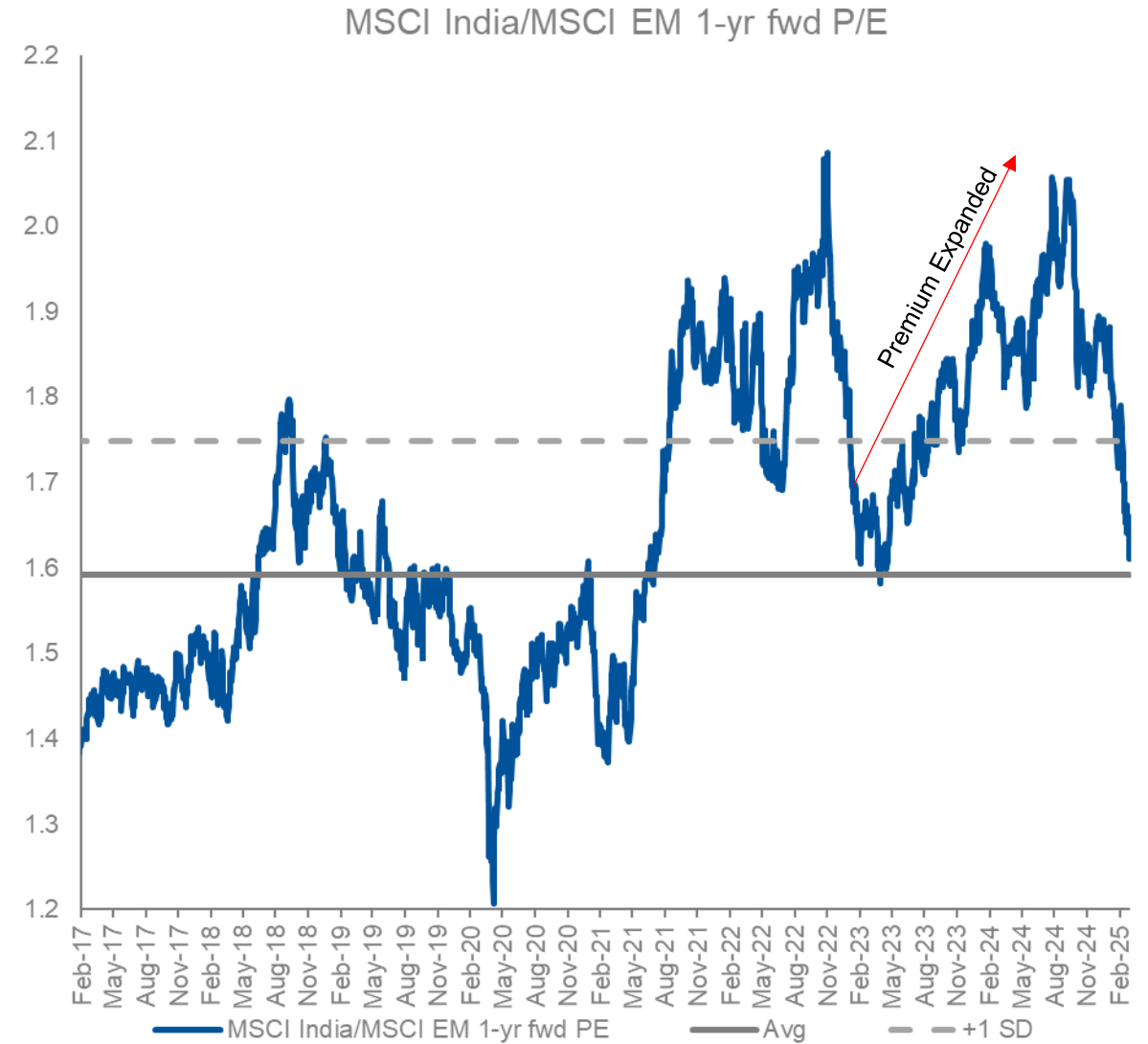
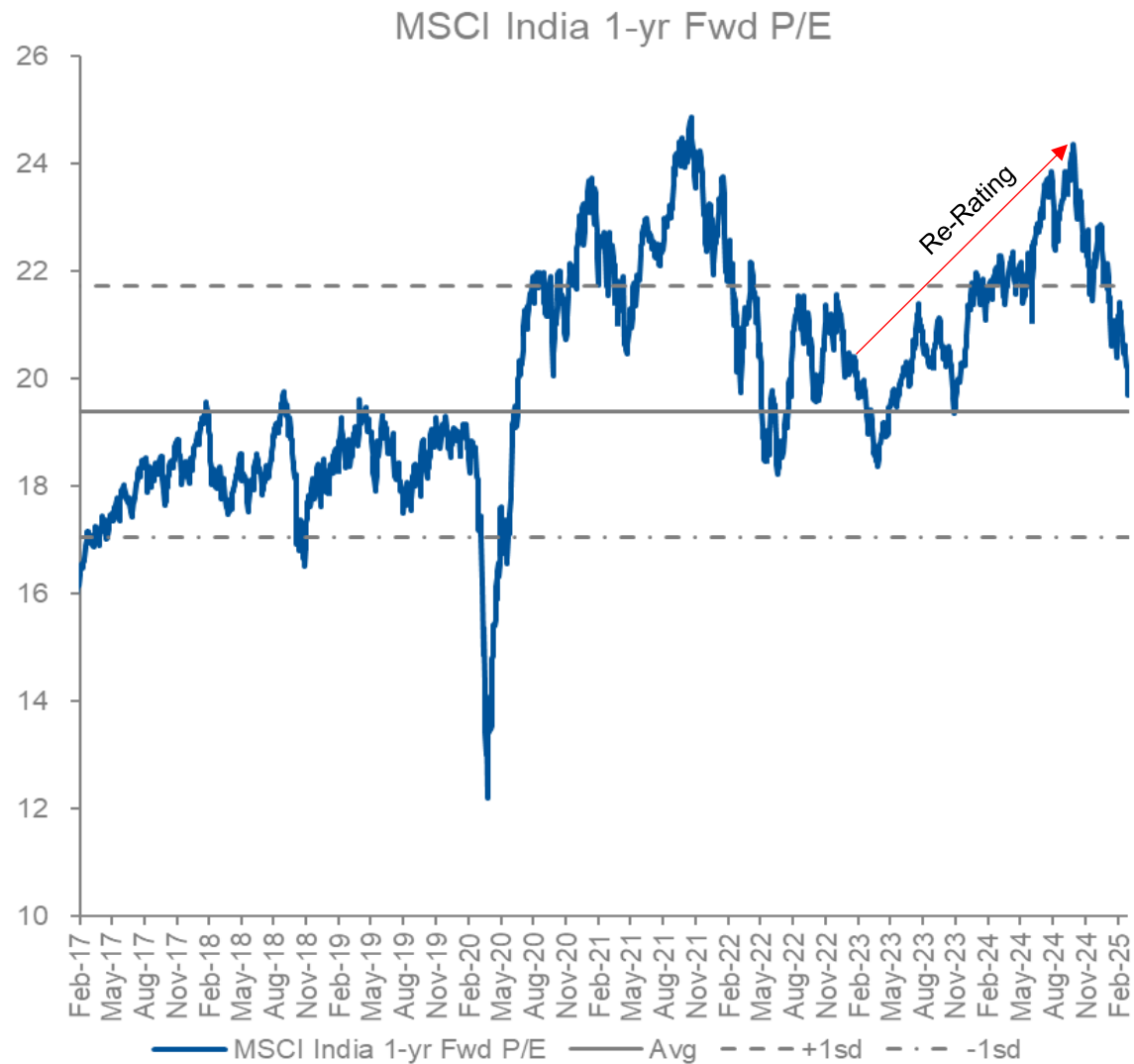


Performance during the quarter – YTD till 20 March 2025 (in US\$)



Source: Ocean Dial Asset Management, Bloomberg, YTD till 20 March 25

VALUATIONS: CORRECTED TO HISTORICAL AVERAGE

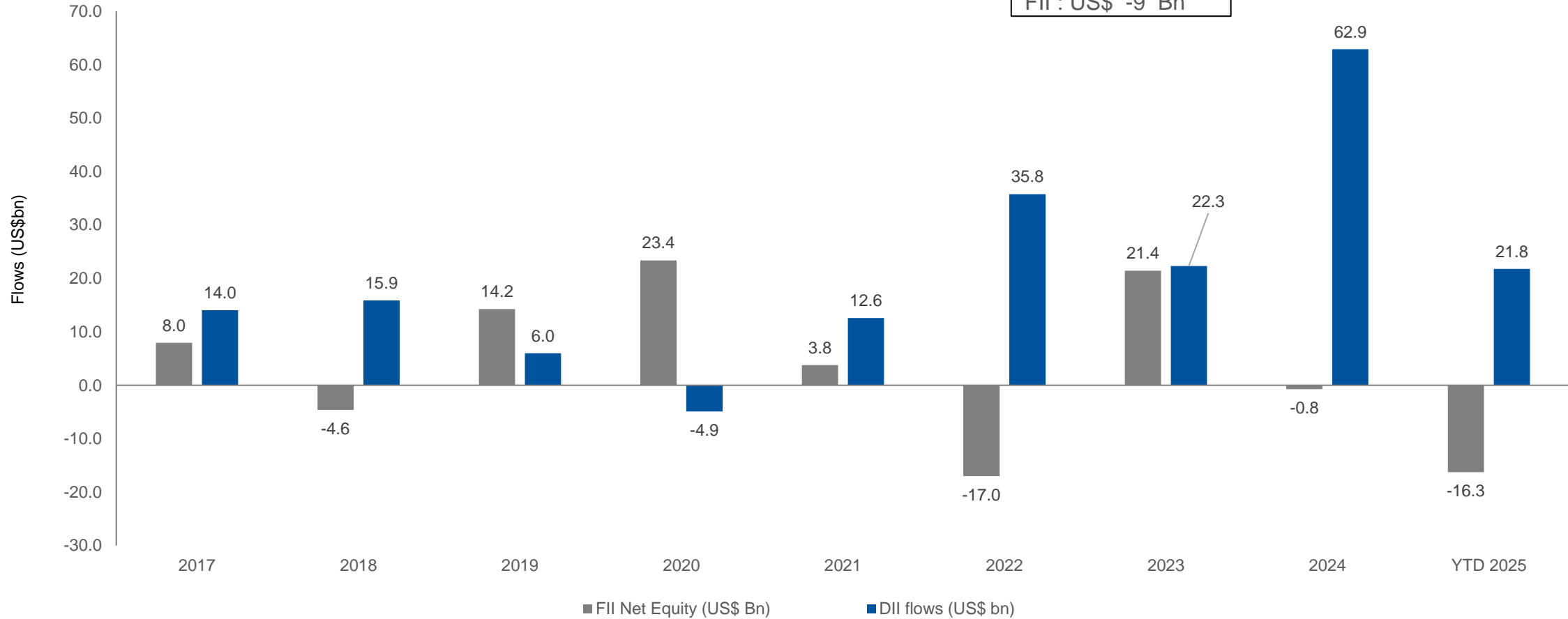


FUND FLOWS: RELENTLESS SELLING BY FOREIGN INSTITUTIONS



Institutional Flows over the years

Flows since 2021
DII : US\$ 155 Bn
FII : US\$ -9 Bn



ICGF



INDIA CAPITAL GROWTH FUND: INVESTMENT PHILOSOPHY

Invest in small & mid-cap companies

- More opportunities, better value, determined by local factors

Absolute return mindset

- Over 88% active share position

Long term focus

- Approximately 52% of the portfolio held for over 5 years

Core portfolio centred around long-term compounders

- Low portfolio turnover – average 12-15%

What we look for in our investee companies

- Management: focused, trustworthy, growth oriented

Business: scalable, predictable, entry barriers

- Fundamentals: positive free cash flow, Return on Capital Employed above threshold

PORTFOLIO THEMES

Mainstreaming of digitalisation

1bn+ mobile internet users /
\$0.17/GB data cost

Formalizing the economy /
bringing rural India to mainstream

affle

CarTradeTech

Persistent

IDFC FIRST Bank

China plus 1 strategy

Beneficiaries of global supply
chain de-risking

Electronic manufacturing /
Chemicals / Auto Ancillary /
Textiles / Industrial

Dixon®
The brand behind brands
Dixon Technologies (India) Limited

PI
Inspired by Science

aether
elementally innovative

ge

RAMKRISHNA
FORGINGS
LIMITED

Consumption

Evergreen plays

Consumer stapled / Consumer
Discretionary

VIP

Kajaria

VEDANT FASHIONS
— LIMITED —

Jyothy labs

emami

Domestic Capex

Infrastructure / Pvt. Sector
corporate capex

JK LAKSHMI
CEMENT Ltd

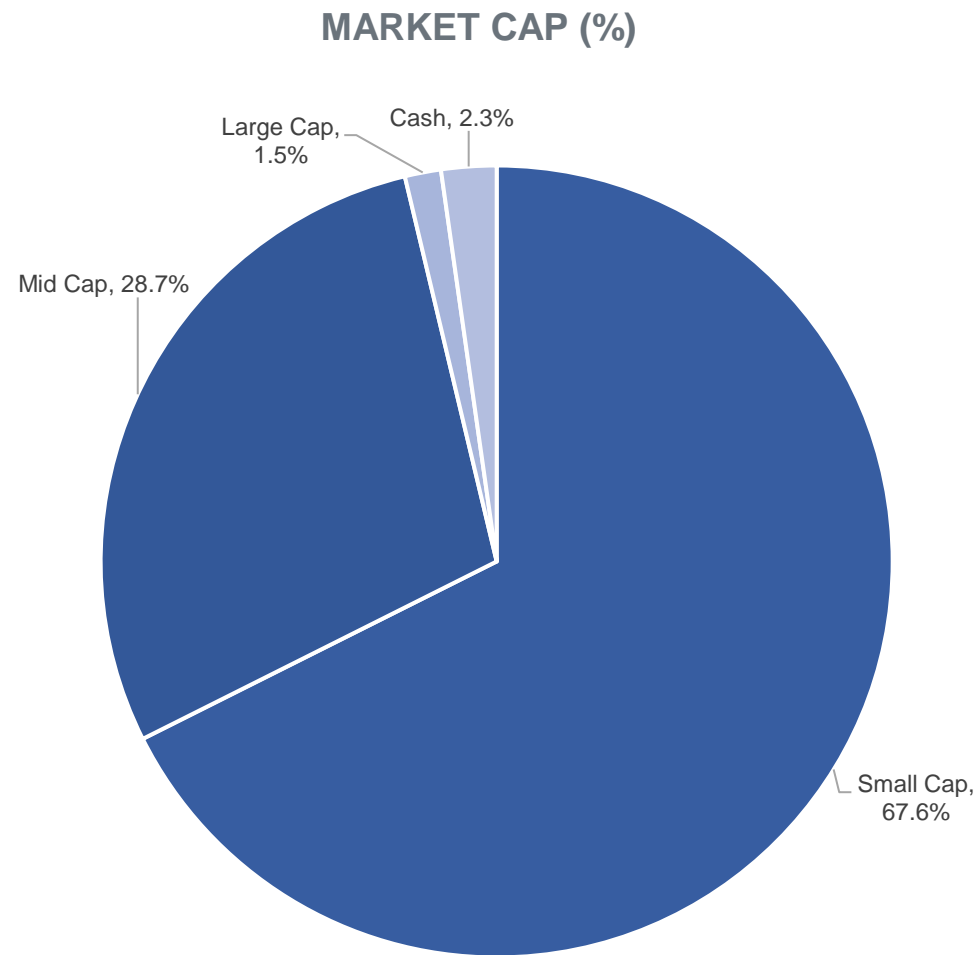
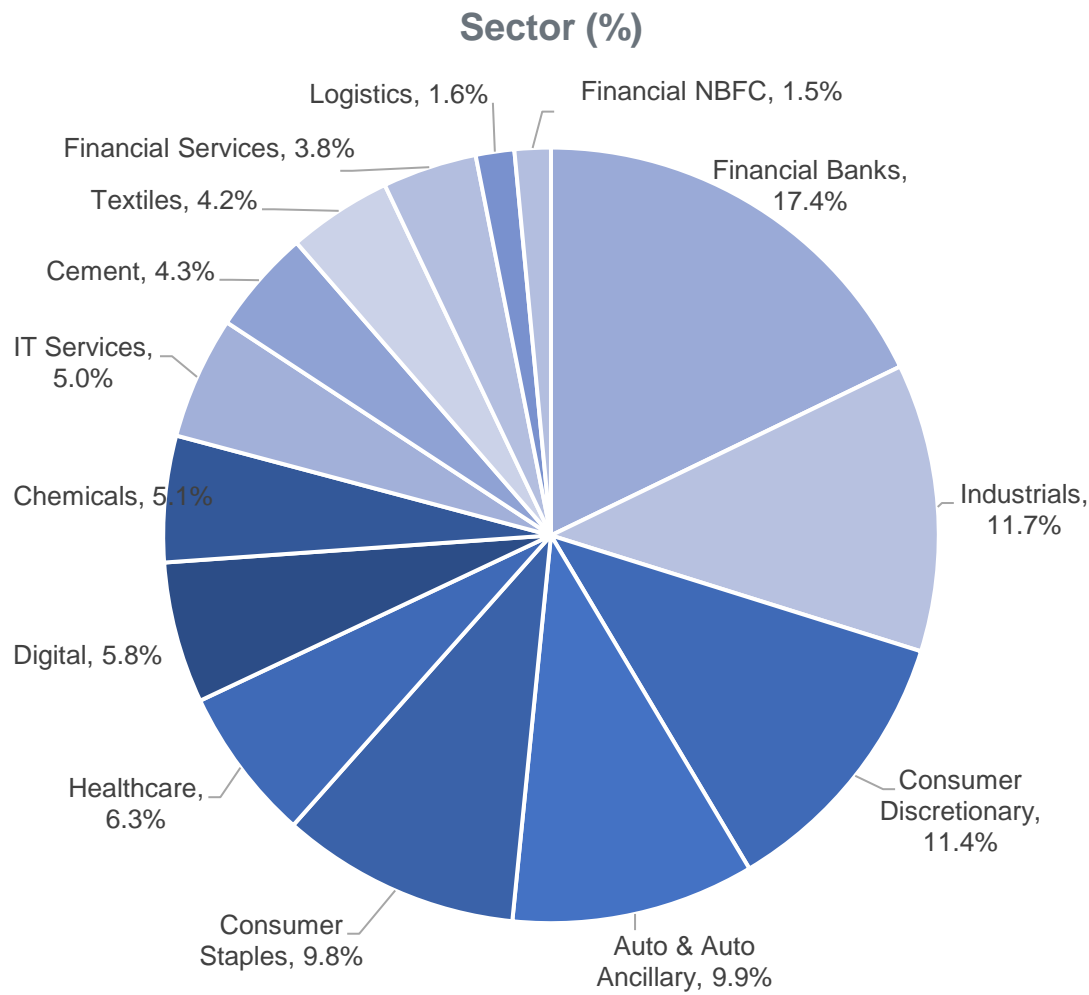
SKIPPER
Limited

TITAGARH
RAIL SYSTEMS LIMITED

Triveni
TURBINES

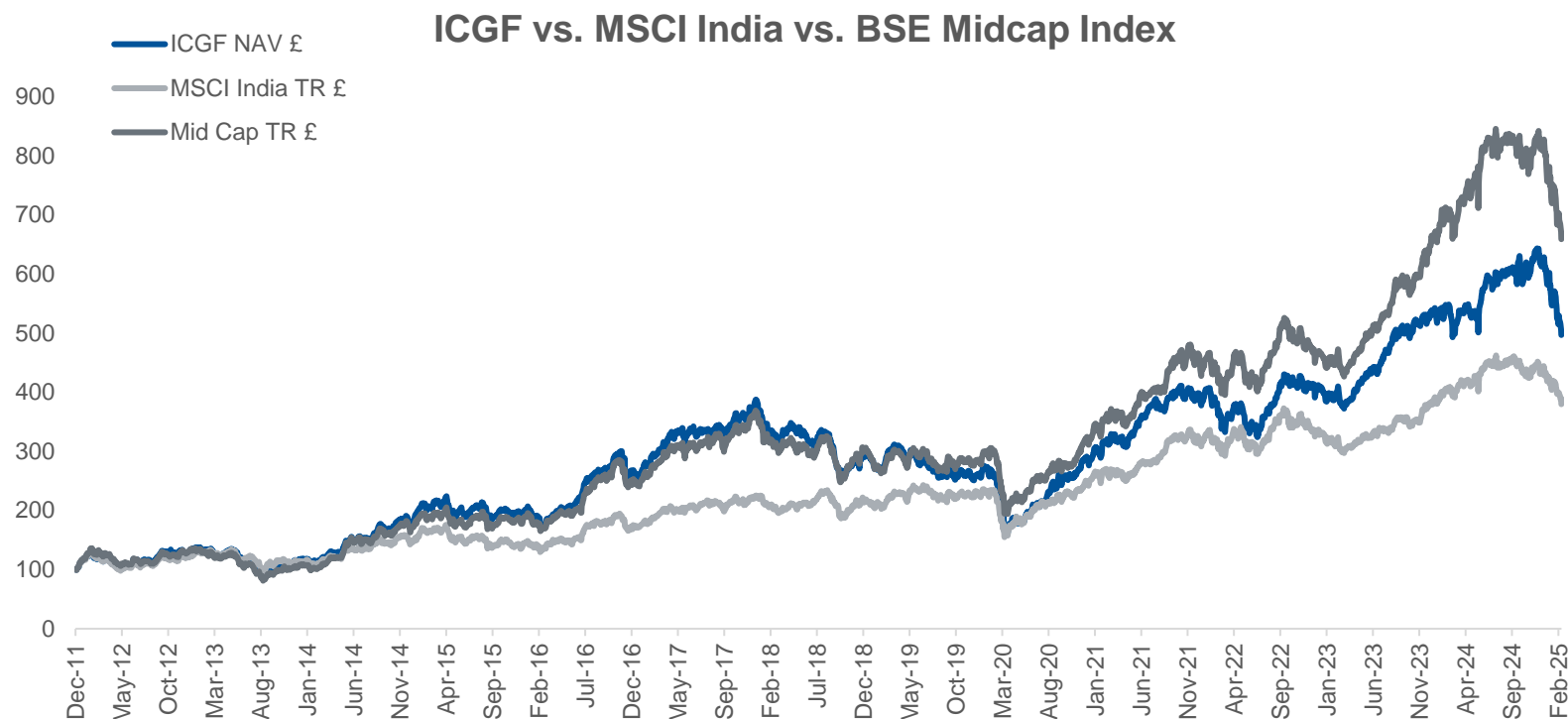
ELECON
GEARING THE FUTURE

PORTFOLIO BREAKDOWN



Source: Ocean Dial Asset Management as at 28 February 2025.

PERFORMANCE SINCE DEC 2011 VS BSE MIDCAP TR INDEX



| Portfolio Characteristics | |
|---------------------------|-------|
| PE FY26E | 19.9 |
| ROE (FY26E) | 17.7% |
| Tracking error | 8.1% |
| Active share | 87.3% |

| Performance | 3m | 6m | 1 yr | 2 yrs | 3 yrs |
|------------------------------|--------|--------|-------|--------|--------|
| ICGF NAV Estimates (GBP)* | -20.0% | -17.0% | -8.3% | 28.1% | 41.4% |
| BSE MidCap TR Index (GBP) | -18.1% | -20.8% | -5.5% | 47.6% | 56.6% |
| Out/under performance | -2.0% | 3.7% | -2.8% | -19.5% | -15.2% |
| MSCI India TR Index (GBP) | -12.9% | -15.5% | -5.6% | 22.1% | 21.0% |
| Out/under performance | -7.1% | -1.6% | -2.7% | 6.0% | 20.4% |

.Source: Ocean Dial Asset Management, Bloomberg as at 28 February 2025.

*ICGF NAV is post factoring in 100% provisioning for capital gains tax, Capital At Risk.

THE VALUE OF INVESTMENTS AND ANY INCOME GENERATED MAY GO DOWN AS WELL AS UP AND IS NOT GUARANTEED. AN INVESTOR MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED. PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE

LONG TERM INVESTMENT CASE FOR INDIA



| Compound Annual Growth Rate – GBP £ | | | |
|-------------------------------------|----------|----------|----------|
| Index | 10 Years | 15 Years | 20 Years |
| BSE30 (India) | 9.5% | 8.7% | 12.7% |
| BSE Midcap (India) | 12.0% | 9.5% | 11.9% |
| MSCI Brazil | -1.3% | -5.2% | 2.4% |
| MSCI China | 2.5% | 2.5% | 7.4% |
| S&P 500 (USA) | 13.3% | 13.3% | 10.6% |
| FTSE 100 (UK) | 2.4% | 3.4% | 2.9% |

India Capital Growth Fund's NAV has risen at a CAGR of 12.9%* since the portfolio adviser joined in December 2011

KEY TAKEAWAYS



India to be fastest growing large economy

- Fuelled by consumption and investment

Political Stability & Regulatory Improvements

- Enhance attractiveness for investors.

India Capital Growth Fund

- Unlocks opportunities in mid and small-sized companies.
- Hand-picked by an experienced investment team based in Mumbai.
- Leverages the closed-end Investment Company structure for maximum advantage.

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