

PORTFOLIO AND MARKET UPDATE

Returns on the Indian equity markets were mixed, the large-cap Sensex increased 1.6%, the Mid-Cap remained unchanged, and the Small Cap index corrected by 4.6%, in local currency. This was due to concerns raised by the Indian regulator SEBI as some of the Small and Micro cap stock prices have run way ahead of their fundamentals. To safeguard the interests of retail investors, the regulator mandated Indian domestic mutual funds to disclose stress test results every 15 days to determine liquidation speed under adverse market conditions. Sector-wise there were gains in capital goods (6%), auto (5%) and metals (5%), IT was down significantly by 7%. FII flows were up US\$4bn, domestic flows were also positive, up US\$6.8bn. February inflation remained unchanged at 5.1%. India's Manufacturing PMI rose to a 16-year high of 59.1 in March, as growth accelerated across consumer, intermediate, and investment goods sectors, also reflected in employment figures. At a portfolio level, stocks posted positive returns, led by Dixon Technologies (+12%), Triveni Turbines (+8%), and PI Industries (+5%). The biggest detractors were Gokaldas Exports (-16%), Sagar Cements (-12%) and GPT Healthcare (-12%). During the month the fund initiated a new position in Gokaldas Exports.

HOLDING IN FOCUS: Gokaldas Exports

Gokaldas Exports (GEXP) is a one of the largest organized apparel manufacturers in India. It designs and manufactures a diverse range of apparel products for all seasons ranging across outerwear, fashionwear and active wear. It exports to some of the leading fashion brands and retailers across 50+ countries including GAP, Carhartt, and Columbia Sportswear. Established in 1979, it has undergone a few ownership changes – it was acquired by Blackstone Group in 2006 but subsequently went into losses; in 2018, the current management team took control and has turned around the business – RoCE and RoE are averaging 20%+ in the last 2 financial years. In the past 6 months, GEXP has acquired 2 companies which are complimentary to its existing business – 1) Atraco – a Kenya-based company with duty-free access to US markets, manufacturing synthetic garments and 2) Matrix, based in India, manufacturer of high-end knits, adding another product line to GEXP. GEXP is adding 2 units in India to cater to increasing demand originating from China+1. After a poor CY23, in which retailers corrected inventory significantly, GEXP expects mild growth in CY24 followed by acceleration in CY25. We forecast 39% revenue CAGR and 49% EBITDA CAGR in FY24-26 reflecting both the acquisitions and growth. We forecast GEXP to sustain 20%+ RoCE and RoE during this period. It currently trades at 16x FY26, which we find attractive.

REBASED NAV PERFORMANCE SINCE 31 DECEMBER 2011 (%)



1 The Rebased NAV is the fairest representation of the Manager's performance across all periods excluding the dilutive effect of the new ordinary shares issued on 8 August 2016 following the exercise of subscription share rights.

PERFORMANCE (%)

	1 mnth	3mnth	6mnth	1 year	3 years	5 years
ICGF NAV	(4.2)	(1.7)	2.8	36.8	63.4	69.0
BSE MidCap TR Index	(0.2)	7.8	17.9	59.9	93.2	131.3

TOPICAL COMMENT

IN THE MEDIA:
MONEY WEEK
March 2024

The top investment funds to invest in

IN THE MEDIA:
CITYWIRE
March 2024

India Capital Growth dropped in March as regulator struck

THE WRITING ROOM

March 2024

The Indian Elections in 30 Secs: Part 1 - The Process

BOOK REVIEW:
FILTERWORLD
March 2024

How Algorithms Flattened Culture by Kyle Chakya

NET ASSET VALUE

The Net Asset Value (NAV) per share as at 28 March 2024 was 177.06 pence. In March the NAV was down 4.20% in Sterling terms, whilst the BSE MidCap TR Index was down 0.24%. In local currency terms, the NAV was down 3.97% for the month.

FUND INFORMATION

Listing	LSE Main Market
Domicile	Guernsey
NAV publication	Monthly (daily estimate)
Size (NAV)	GBP154.5m
Launch date	22 December 2005
Adviser start	31 December 2011
Fund Manager	Ocean Dial Asset Management
Principal Adviser	Gaurav Narain
Benchmark	S&P BSE MidCap TR
AMC	1.25% of market cap
Share price / NAV per share	159.5p / 177.1p
Discount to NAV	9.9%

PORTFOLIO CHARACTERISTICS

Number of holdings	36
Median market cap (US\$bn)	\$1.7bn
PE FY25E	19.8
ROE FY25E	18.7%
Tracking Error	7.79%
Active Share	91.4%

INDIA HIGHLIGHT

	MTD	YTD
INR vs US\$ [stronger/ (weaker)]	(0.6)%	(0.2)%
FII Net flows (US\$m)	4,015.8	1,358.3
DII Net flows (US\$m)	6,782.6	13,061.4
CPI inflation (Jan/3m avg)	5.1%	5.3%
GDP Q3 FY24		8.4%
Current account/ GDP Q3 FY24		(0.9)%

Source: Ocean Dial Asset Management Limited

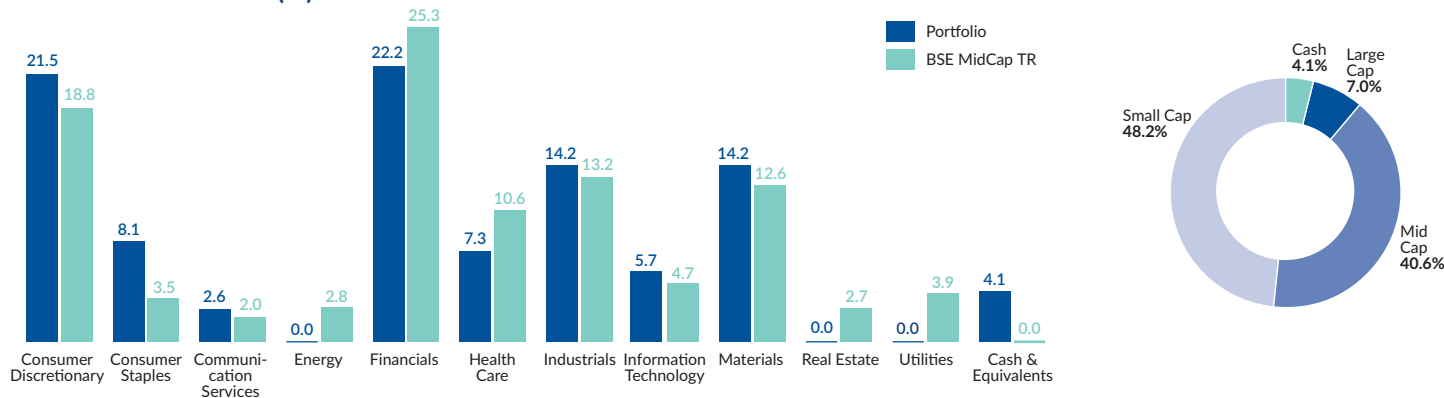
QUARTERLY ATTRIBUTION - 3 MONTHS TO 31 MARCH 2024 (%)

TOP 5	Ave. weight	Ave. index weight	Return	Contribution	BOTTOM 5	Ave. weight	Ave. index weight	Return	Contribution
Skipper	4.27	0.00	57.29	1.85	Sagar Cements	2.42	0.00	(17.57)	(0.41)
Neuland Laboratories	4.23	0.00	20.4	0.75	RBL Bank	3.85	0.00	(13.3)	(0.54)
Dixon Technologies India	4.64	0.00	14.77	0.65	Affle India	2.99	0.00	(19.63)	(0.63)
Sona Blw Precision Forgings	3.67	1.03	10.64	0.37	IDFC First Bank	4.25	1.15	(14.53)	(0.66)
PI Industries	3.46	1.12	11.03	0.37	Emami	3.93	0.38	(22.59)	(1.02)

TOP TEN HOLDINGS

Portfolio company	Weight	Characteristics	Market cap US\$bn
Federal Bank	5.3%	Well run mid-sized private sector bank, attractive valuations	4.4
Dixon Technologies	5.2%	Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds	5.4
Skipper	4.3%	Power transmission and distribution company including polymer pipes and fittings segment	0.4
Neuland Laboratories	4.2%	API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions	1.0
Sona BLW Precision Forgings	4.0%	Auto ancillary company manufacturing critical components for leading global electric vehicle companies.	5.0
IDFC Bank	3.8%	Well capitalised private sector retail bank. Digitally-focused and on a high growth trajectory	6.4
Indusind Bank	3.8%	Fifth largest private sector bank in India and poised to gain market share. Value play with ebbing asset quality concerns	14.5
PI Industries	3.7%	Quality agro-chemical company, high visibility, strong industry tailwinds in global supply chains	7.0
Persistent Systems	3.7%	IT services company benefitting from 'digital transformation' of businesses globally	7.4
Ramkrishna Forgings	3.7%	Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets	1.5

PORTFOLIO ANALYSIS (%)



PRINCIPAL ADVISER

Gaurav Narain joined the Group in November 2011, having been immersed in the Indian equity markets for the previous 21 years. He has held senior positions as both a fund manager and an equities analyst in New Horizon Investments, ING Investment Management India and SG (Asia) Securities India. He holds a Masters degree in Finance and Control and a Bachelor of Economics degree from Delhi University.



INVESTMENT PHILOSOPHY

The investment manager believes that in India, optimal returns will be generated over time by investing in companies that are well placed to benefit from the structural growth potential of the Indian economy, combined with the highest quality of management best able to exploit this opportunity. The fund uses a consistent and disciplined bottom up stock picking process to select investments from our best ideas, unconstrained by a benchmark.

INVESTMENT OBJECTIVE

To provide long term capital appreciation by investing predominantly in listed mid and small cap Indian companies. Investments may also be made in unquoted Indian companies where the Fund Manager believes long-term capital appreciation will be achieved. The Company may hold liquid assets (including cash) pending deployment in suitable investments. It is the Company's declared policy not to hedge exposure to the Indian Rupee.

FUND MANAGER

Ocean Dial Asset Management Limited is authorised and regulated by the Financial Conduct Authority.
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WEBSITE

www.indiacapitalgrowth.com

SOURCES

Source of all performance and portfolio analysis: Ocean Dial Asset Management Limited, Bloomberg.

CAPITAL STRUCTURE

87,274,156 ordinary shares in issue with voting rights.

BOARD

Elisabeth Scott (Chair), Patrick Firth, Lynne Duquemin, Nick Timberlake

OTHER ADVISERS

Administrator: Apex Fund and Corporate Services (Guernsey) Limited

Broker: Shore Capital Stockbrokers Limited

Registrar and CREST Agent: Neville Registrars Limited

IMPORTANT INFORMATION

The information in this document does not constitute or contain an offer or invitation for the sale or purchase of any shares in the Fund in any jurisdiction, is not intended to form the basis of any investment decision, does not constitute any recommendation by the Fund, its directors, agents or advisers, is unaudited and provided for information purposes only and may include information from third party sources which has not been independently verified.

Interests in the Fund have not been and will not be registered under any securities laws of the United States of America or its territories or possessions or areas subject to its jurisdiction, and may not be offered for sale or sold to nationals or residents thereof except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), and any applicable state laws. While all reasonable care has been taken in the preparation of this document, no warranty is given on the accuracy of the information contained herein, nor is any responsibility or liability accepted for any errors of fact or any opinions expressed herein.

Past performance is not a guide to future performance and investment markets and conditions can change rapidly. Emerging market equities can be more volatile than those of developed markets and equities in general are more volatile than bonds and cash. The value of your investment may go down as well as up and there is no guarantee that you will get back the amount that you invested. Currency movements may also have an adverse effect on the capital value of your investment. Investing in a country specific fund may be less liquid and more volatile than investing in a diversified fund in the developed markets. This Fund should be seen as a long term investment and you should read the London Stock Exchange Listing Prospectus published in December 2017 (the "Prospectus") whilst paying particular attention to the risk factors section before making an investment. Please refer to the Prospectus for specific risk factors.

Where reference to a specific Class of security is made, it is for illustrative purposes only and should not be regarded as a recommendation to buy or sell that security. Market index information shown herein such as that of the S&P BSE Midcap TR is included to show relative market performance for the periods indicated and not as standards of comparison, since indices are unmanaged, broadly based and differ in numerous respects from the Fund.

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