

## PORTFOLIO AND MARKET UPDATE

In March Indian equities partially recovered from a sharp two-month correction. The Sensex rose by 5.8%, while the Mid-Cap and Small-Cap indices increased by 7.7% and 8.3%, respectively, in local currency. The recovery was broad-based, with Power, Capital Goods, and Oil & Gas sectors rising by 14%, 14%, and 11%, respectively. Foreign Institutional Investors (FII) turned net buyers, adding \$234mn, and domestic flows remained strong at US\$4.3bn. The Indian Rupee appreciated 2.1% against the US Dollar and Consumer Price Index (CPI) inflation eased to 3.6% in February, from 4.3% in January. April saw a sharp fall in global equities due to unexpectedly high Trump tariffs, with India facing a 26% tariff. While negative, this is relatively lower than its Asian peers, potentially boosting Indian manufacturing competitiveness. The full impact of these tariffs will unfold in the coming months. Positive stock returns were led by Welspun India (+26%), Ramkrishna Forgings (+19%), and Affle India (+15%). While Indusind Bank (-34%), Bajaj Electrical (-10%) and Vedant Fashions (-8%) saw negative returns.

## HOLDING IN FOCUS: JK Lakshmi Cement

JK Lakshmi Cement (JKLC) is a leading Indian cement manufacturer primarily operating out of northern and eastern India. The company has set ambitious growth plans through a combination of brownfield expansions and greenfield projects, indicating a 13% annual increase in capacity. In 2024, India experienced a decline in cement volume growth and prices due to weak demand stemming from election-related construction slowdowns, prolonged monsoons and reduced government capital expenditures, which affected the company's realisations. However, since December 2024, government capital expenditures have shown signs of recovery, improving cement demand, and prices have begun to rebound. As JKLC expands its capacity, it is well-positioned to take advantage of the anticipated increase in construction activities and to outperform the projected industry volume growth of 6% in the medium term. We estimate JKLC to deliver EBITDA growth of 29% CAGR over the next two years. Financially, the company is managing its expansion plans prudently, maintaining a Net Debt to EBITDA ratio within 2x. Despite this, the company's current valuations trade at a discount compared to larger peers, indicating potential upside as the market recovers and demand strengthens.

## 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. Full provision is made for Indian Capital Gains Tax in the Net Asset Value.

## PERFORMANCE (%)

|                     | 1 mnth | 3mnth  | 6mnth  | 1 year | 3 years | 5 years |
|---------------------|--------|--------|--------|--------|---------|---------|
| ICGF NAV            | 3.5    | (16.1) | (14.2) | (1.0)  | 42.0    | 204.7   |
| BSE MidCap TR Index | 6.9    | (13.1) | (14.5) | 1.3    | 59.9    | 248.2   |

## TOPICAL COMMENT

## LONDON AGM

March 2025

5th June 2025 at 11am  
Register HereOCEAN DIAL ASSET  
MANAGEMENT

March 2025

Ocean Dial Asset Management-  
New name, Same team

## THE LISTENING ROOM

March 2025

Gaurav Narain presents at the  
Master Investor Show 2025

## BOOK REVIEW

March 2025

Surrounded by Idiots  
by Thomas Erikson

## NET ASSET VALUE

The Net Asset Value (NAV) per share as at 28 March 2025 was 175.31 pence. In March the NAV was up 3.49% in Sterling terms, whilst the BSE MidCap TR Index was up 6.92%. In local currency terms, the NAV was up 4.21% for the month.

## FUND INFORMATION

|                   |                             |
|-------------------|-----------------------------|
| Listing           | LSE Main Market             |
| Domicile          | Guernsey                    |
| NAV publication   | Monthly<br>(daily estimate) |
| Size (NAV)        | GBP149.7m                   |
| Launch date       | 22 December 2005            |
| Adviser start     | 31 December 2011            |
| Fund Manager      | River Global<br>Investors   |
| Principal Adviser | Gaurav Narain               |
| Benchmark         | S&P BSE MidCap TR           |
| AMC               | 1.25% of market cap         |
| Share price       | 164.0p /                    |
| NAV per share     | 175.3p                      |
| Discount to NAV   | 6.4%                        |

## PORTFOLIO CHARACTERISTICS

|                            |         |
|----------------------------|---------|
| Number of holdings         | 38      |
| Median market cap (US\$bn) | \$1.6bn |
| PE FY26E                   | 20.9    |
| ROE FY26E                  | 17.4%   |
| Tracking Error             | 7.7%    |
| Active Share               | 88.0%   |
| Annual return              | 14.8%   |

## INDIA HIGHLIGHT

|                                    | MTD     | YTD        |
|------------------------------------|---------|------------|
| INR vs US\$<br>[stronger/(weaker)] | 2.3%    | 0.2%       |
| FII Net flows (US\$m)              | 234.4   | (13,536.8) |
| DII Net flows (US\$m)              | 4,326.9 | 21,811.4   |
| CPI inflation<br>(Jan-25 / 3m avg) | 3.6%    | 4.4%       |
| GDP Q3 FY25                        |         | 6.2%       |
| Current account/<br>GDP Q3 FY25    |         | (0.9)%     |

Source: River Global Investors

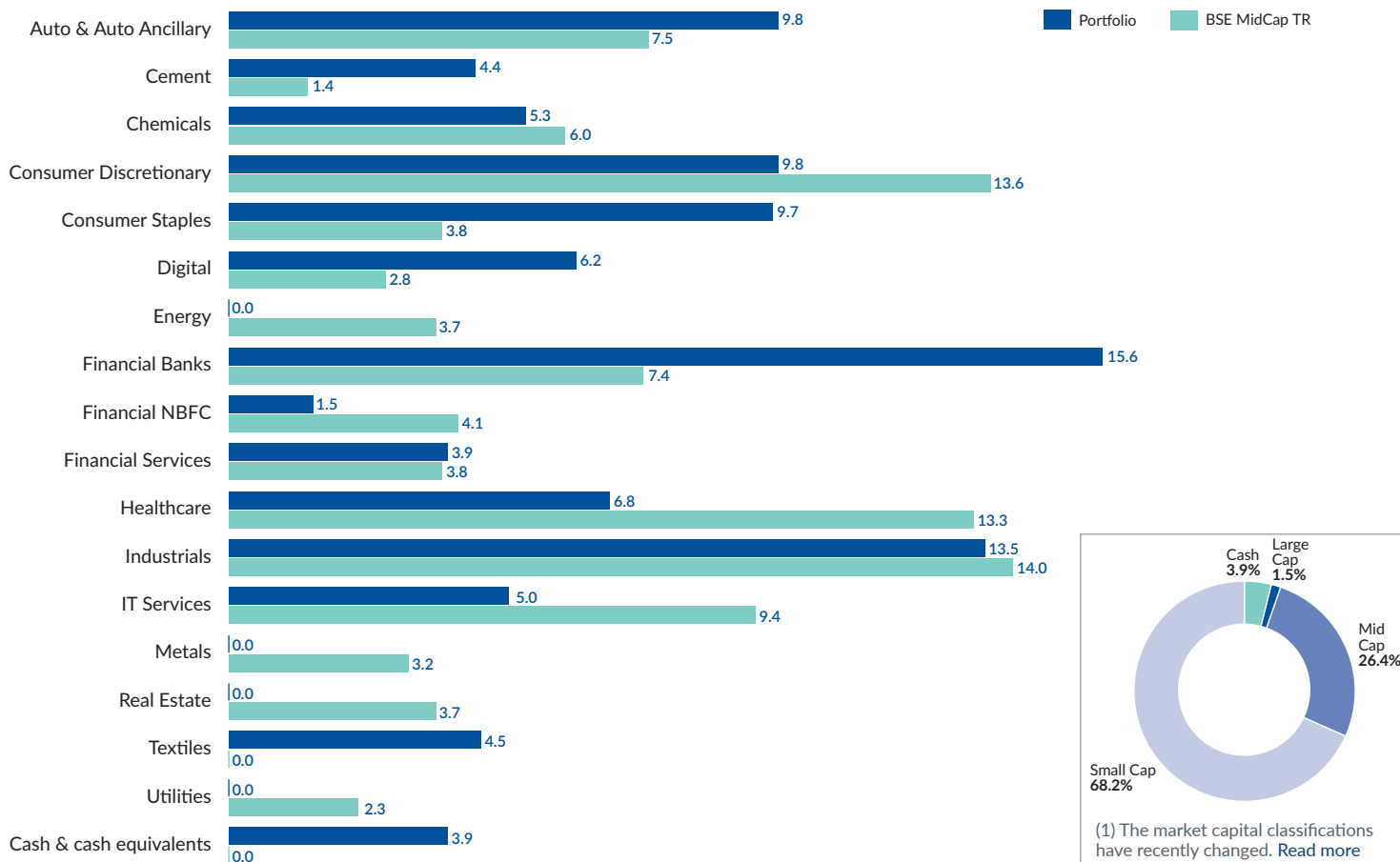
## QUARTERLY ATTRIBUTION – 3 MONTHS TO 28 FEBRUARY 2025 (%)

| TOP 5                          | Ave. weight | Ave. index weight | Return  | Contribution | BOTTOM 5                 | Ave. weight | Ave. index weight | Return  | Contribution |
|--------------------------------|-------------|-------------------|---------|--------------|--------------------------|-------------|-------------------|---------|--------------|
| Cholamandalam Inv & Finance Co | 1.32        | 0.00              | 24.94   | 0.27         | Dixon Technologies India | 4.80        | 2.08              | (28.44) | (1.47)       |
| RBL Bank                       | 2.93        | 0.00              | 6.97    | 0.19         | VIP Industries           | 2.23        | 0.00              | (43.27) | (1.19)       |
| Cartrade Tech                  | 2.31        | 0.00              | 7.83    | 0.18         | Skipper                  | 5.06        | 0.00              | (21.57) | (1.12)       |
| PSP Projects                   | 2.46        | 0.00              | (5.02)  | (0.11)       | Gokaldas Exports         | 2.40        | 0.00              | (30.64) | (0.81)       |
| Coforge                        | 0.66        | 2.03              | (17.94) | (0.12)       | IndusInd Bank            | 2.11        | 0.00              | (34.08) | (0.79)       |

## TOP TEN HOLDINGS

| Portfolio company        | Weight | Characteristics  | Market cap US\$bn |
|--------------------------|--------|--|-------------------|
| Federal Bank             | 5.3%   | Well run mid-sized private sector bank, attractive valuations  | 5.5               |
| Neuland Laboratories     | 5.0%   | API and Custom Manufacturing solutions (CMS) provider to multinational pharmaceutical companies. Beneficiary of China-dominated supply chain disruptions | 1.8               |
| Skipper                  | 4.8%   | Power transmission and distribution company including polymer pipes and fittings segment   | 0.5               |
| Dixon Technologies       | 4.5%   | Dominant player in an emerging Indian Electronic Manufacturing Services industry with structural tailwinds   | 9.3               |
| Emami                    | 4.2%   | Dominant player across multiple niche consumer product categories, attractive valuations   | 3.0               |
| Ramkrishna Forgings      | 4.0%   | Auto ancillary company manufacturing forgings for commercial vehicles in both domestic and international markets   | 1.6               |
| Persistent Systems       | 4.0%   | IT services company benefitting from 'digital transformation' of businesses globally   | 10.0              |
| Multi Commodity Exchange | 3.9%   | Commodity exchange, with 95%+ market share   | 3.2               |
| Affle India              | 3.6%   | Mobile adtech company  | 2.6               |
| RBL Bank                 | 3.3%   | Private sector bank offering online and branch business banking and financial market operations  | 1.2               |

## PORTFOLIO ANALYSIS (%)



**PRINCIPAL ADVISER**

Gaurav Narain has advised India Capital Growth Fund since 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**

River Global Investors is authorised and regulated by the Financial Conduct Authority.

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**WEBSITE**

[www.indiacapitalgrowth.com](http://www.indiacapitalgrowth.com)

**SOURCES**

Source of all performance and portfolio analysis: River Global Investors, Bloomberg.

**CAPITAL STRUCTURE**

85,415,644 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.

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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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