

MORGAN STANLEY INDIA INVESTMENT FUND, INC.  
Form N-CSR  
March 10, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-08238

Morgan Stanley India Investment Fund, Inc.  
(Exact name of registrant as specified in charter)

522 Fifth Avenue New York, NY  
(Address of principal executive offices)

10036  
(Zip code)

Ronald E. Robison

522 Fifth Avenue New York, New York 10036  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-221-6726

Date of fiscal year 12/31  
end:

Date of reporting period: 12/31/07

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. Section 3507.



ITEM 1. REPORTS TO STOCKHOLDERS.

The Fund's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

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**2007 Annual Report**

December 31, 2007

**Morgan Stanley**

**India Investment Fund, Inc.**

Morgan Stanley

Investment Management Inc.

Investment Adviser

**Morgan Stanley India Investment Fund, Inc.**

Overview (unaudited)

## Letter to Stockholders

### **Performance**

For the year ended December 31, 2007, the Morgan Stanley India Investment Fund, Inc. (the "Fund") had total returns, based on net asset value and market price per share (including reinvestment of distributions), of 65.09%, net of fees and 45.29%, respectively, compared to its benchmark, the U.S. dollar adjusted Bombay Stock Exchange (BSE) National Index (the "Index") which returned 79.38%. On December 31, 2007, the closing price of the Fund's shares on the New York Stock Exchange was \$54.89, representing a 3.4% discount to the Fund's net asset value per share. Past performance is no guarantee of future results.

### **Factors Affecting Performance**



- 2007 turned out to be another banner year for Emerging Markets, including India. The benchmark, the Bombay Stock Exchange (BSE) National Index (in USD), was up 79.38%. The inflection point for the Indian market was the Federal Reserve's 50 basis point rate cut in mid-September, with the BSE National Index (in USD) rallying more than 40% from that point to year-end. The Fed-induced liquidity flocked to growth destinations such as emerging markets, and India's strong growth credentials made its market a main beneficiary.
- However, the markets disproportionately rewarded future growth without focusing on current earnings. Moreover, in our opinion, valuations have seemed almost irrelevant, and instead, growth and price momentum have been the key performance drivers for the period. In our view, financial markets have been in that later stage of the cycle when overall earnings growth is weakening globally but has remained relatively strong in many emerging markets, including India. As a result, it appears that investors are willing to pay a premium for assets related to the growth story in developing countries.
- We believe this regime may continue until the next major downturn arrives, which may then be precipitated by monetary policy tightening to contain high inflation. Inflation trends in both emerging markets and the U.S. will be watched closely. The preemptive monetary tightening by the Indian Central Bank during the period meant that headline inflation was within the Central Bank's comfort zone for most of the year. However, an increase in the inflation level may require the Central Bank to act on the monetary side, which would result in lower economic growth.

#### **Management Strategies**



- Positive contributors to performance included overweight exposure to the industrials and telecommunications sectors. The industrials sector continued to benefit from strong capital expenditure and infrastructure development. Robust subscriber growth helped the telecom sector continue along the path of growth it has followed over the past several years. Further, given that telecom is a domestic-demand driven business, the sector remained relatively insulated from global economic worries. A relative underweight in the information technology sector and stock selection within the materials sector also aided performance.
  
- Relative detractors included underweight positions in the financials and energy sectors. We remained underweight in financials due to the monetary tightening from the Central Bank through most of last year. The underweight in the energy sector was driven by our uncertainty regarding a subsidy sharing mechanism between oil marketing companies and upstream producers. Other detractors from performance included an overweight in the consumer discretionary sector and stock selection within the industrials and telecommunication sectors (despite the positive contribution of our overweight allocations in industrials and telecommunications).

**Morgan Stanley India Investment Fund, Inc.**

Overview (unaudited)

Letter to Stockholders (cont d)

Management Strategies (cont d)

- We continue to prefer the domestic consumption and capital expenditure theme in India and accordingly the portfolio is positioned with an overweight in consumer discretionary and industrials sector. In 2007, we have been wary of asset creators being disproportionately rewarded for growth promises and we continue to have a bias towards stocks and sectors exhibiting strong core earnings growth characteristics.

Sincerely,

Ronald E. Robison  
President and Director

February 2008

## Morgan Stanley India Investment Fund, Inc.

## Portfolio of Investments

December 31, 2007

	Shares	Value (000)
<b>COMMON STOCKS (99.6%)</b>		
<b>(Unless Otherwise Noted)</b>		
<b>Auto Components (1.0%)</b>		
Apollo Tyres Ltd.	18,750	\$ 25
Balkrishna Industries Ltd.	574,008	10,816
Patheja Forgings & Auto Parts Manufacturers Ltd.	(a)(b)(c)450,000	
	10,841	
<b>Automobiles (2.9%)</b>		
Hero Honda Motors Ltd.	1,185	21
Maruti Suzuki India Ltd.	1,284,494	32,209
		32,230
<b>Biotechnology (1.1%)</b>		
Biocon Ltd.	834,593	12,106
<b>Chemicals (1.2%)</b>		
Gujarat Fluorochemicals	761,063	13,373
ICI (India) Ltd.	25,000	361
		13,734
<b>Commercial Banks (10.2%)</b>		
Axis Bank Ltd.	1,577,300	38,764
HDFC Bank Ltd.	1,563,269	68,184
HDFC Bank Ltd. ADR	48,000	6,262
		113,210
<b>Construction &amp; Engineering (5.3%)</b>		
Larsen & Toubro Ltd.	433,600	45,623
Jaiprakash Associates Ltd.	1,157,500	12,492
		58,115
<b>Construction Materials (1.6%)</b>		
India Cements Ltd.	1,109,184	8,701
Shree Cement Ltd.	280,370	9,519
		18,220
<b>Containers &amp; Packaging (1.7%)</b>		
Ess Dee Aluminum Ltd.	(b)(c)288,382	5,349
Ess Dee Aluminum Ltd. (Pre-preferential)	(b)(c)775,000	13,254
		18,603
<b>Diversified Financial Services (1.3%)</b>		
Infrastructure Development Finance Co., Ltd.	2,493,500	14,406
<b>Electric Utilities (2.7%)</b>		
Tata Power Co., Ltd.	806,400	29,892
<b>Electrical Equipment (12.9%)</b>		
ABB Ltd.	1,783,455	68,230
Bharat Heavy Electricals Ltd.	833,228	54,418
Jyoti Structures Ltd.	2,861,887	20,222
		142,870
<b>Energy Equipment &amp; Services (5.0%)</b>		
Aban Offshore Ltd.	437,335	\$ 54,847
<b>Food Products (1.8%)</b>		
Nestle India Ltd.	532,400	20,243
<b>Information Technology Services (4.6%)</b>		
HCL Technologies Ltd.	1,376,690	11,478
Infosys Technologies Ltd.	880,800	39,332
		50,810

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<b>Machinery (2.0%)</b>		
Praj Industries Ltd.	3,715,300	22,600
<b>Media (7.3%)</b>		
Deccan Chronicle Holdings Ltd.	5,414,230	29,832
New Delhi Television Ltd.	833,250	9,762
Television Eighteen India Ltd.	(b)1,262,636	17,731
Zee Entertainment Enterprises Ltd.	2,873,000	23,785
		81,110
<b>Metals &amp; Mining (7.5%)</b>		
Hindustan Zinc Ltd.	387,000	