

MORGAN STANLEY INDIA INVESTMENT FUND, INC.
Form N-CSR
March 10, 2014

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, New York
(Address of principal executive offices)

10036
(Zip code)

John H. Gernon

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

Registrant's telephone number, including area code: 201-830-8894

Date of fiscal year end: December 31, 2013

Date of reporting period: December 31, 2013

Item 1 - Report to Shareholders

Morgan Stanley India Investment Fund, Inc.

Directors

M.J. Marcel Vivian
Descroizilles

Joseph J. Kearns

Ravindranath Santosh
Kumar Hazareesing

Mamode Izam Nathadkhan

Fergus Reid

Officers

John H. Gernon

*President and Principal
Executive Officer*

Joseph C. Benedetti

Vice President

Francis J. Smith

*Treasurer and Principal
Financial Officer*

Stefanie V. Chang Yu

Chief Compliance Officer

Mary E. Mullin

Secretary

Adviser and Administrator

Morgan Stanley Investment Management Inc.

522 Fifth Avenue

New York, New York 10036

Sub-Adviser

Morgan Stanley Investment Management Company

23 Church Street

16-01 Capital Square, Singapore 049481

Custodian

State Street Bank and Trust Company

One Lincoln Street

Boston, Massachusetts 02111

Stockholder Servicing Agent

Computershare Trust Company, N.A.

211 Quality Circle, Suite 210

College Station, Texas 77845

Legal Counsel

Dechert LLP

1095 Avenue of the Americas

New York, New York 10036

Counsel to the Independent Directors

Kramer Levin Naftalis & Frankel LLP

1177 Avenue of the Americas

New York, New York 10036

Independent Registered Public Accounting Firm

Ernst & Young LLP

200 Clarendon Street

Boston, Massachusetts 02116

For additional Fund information, including the Fund's net asset value per share and information regarding the investments comprising the Fund's portfolio, please call toll free 1 (800) 231-2608 or visit our website at www.morganstanley.com/im. All investments involve risks, including the possible loss of principal.

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INVESTMENT MANAGEMENT

Morgan Stanley
Investment Management Inc.
Adviser

Morgan Stanley

India Investment Fund, Inc.
NYSE: IIF

Annual Report

December 31, 2013

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Table of Contents

Letter to Stockholders	3
Portfolio of Investments	5
Statement of Assets and Liabilities	7
Statement of Operations	8
Statements of Changes in Net Assets	9
Financial Highlights	10
Notes to Financial Statements	11
Report of Independent Registered Public Accounting Firm	20
Portfolio Management	21
Investment Policy	22
Dividend Reinvestment and Cash Purchase Plan	24
U.S. Privacy Policy	25
Director and Officer Information	29

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Letter to Stockholders (unaudited)

Performance

For the year ended December 31, 2013, the Morgan Stanley India Investment Fund, Inc. (the "Fund") had total returns of -3.42%, based on net asset value, and -5.67% based on market value per share (including reinvestment of distributions), compared to its benchmark, the Morgan Stanley Capital International (MSCI) India Index (the "Index")*, which returned -3.83%. On December 31, 2013, the closing price of the Fund's shares on the New York Stock Exchange was \$17.48, representing a 13.0% discount to the Fund's net asset value per share. Past performance is no guarantee of future results.

Factors Affecting Performance

- 2013 was an eventful year for the Indian equity markets, with the fear of the U.S. tapering its quantitative easing program increasing volatility in the currency and the equity markets. In August 2013, the currency had depreciated more than 25% for the year-to-date period at the time. To fight the currency weakness, the Reserve Bank of India had to tighten domestic liquidity. This led the market to decline 3.83% for the year ended December 31, 2013, as measured by the Index.
- Overall, both sector allocation and stock selection contributed to the Fund's performance relative to the Index during the period.
- From a top-down angle, the Fund's underweight exposure to the financials, energy and utilities sectors, and overweight exposure to the information technology, telecommunications and health care sectors were positive contributors. However, this was partially offset by the negative effect of the Fund's underweight exposure to the consumer staples sector.
- At the stock level, positions in financials, information technology, consumer discretionary and industrial stocks boosted performance. However, exposure to consumer staples and health care stocks hurt performance over this period.

Management Strategies

- We believe Indian equities are likely to continue to experience heightened volatility levels in 2014, but some macro-economic factors, both domestic and global, appear to be slowly turning in favor of equities.
- The significant improvement in India's current account deficit and the large FCNR (foreign currency non-resident) deposit raising by the Reserve Bank of India in the last few months could ensure that the rupee is well placed to withstand any global liquidity crunch.
- Another major event is the upcoming general elections in the second quarter of 2014. Historically, in emerging market countries including India, leadership changes have been a significant catalyst in equity market performance.

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Letter to Stockholders (unaudited) (cont'd)

- As of the close of the period, the Fund had overweight exposures to industrials, financials and consumer discretionary, and underweights to consumer staples, utilities, energy, and information technology.

Sincerely,

John H. Gernon
President and Principal Executive Officer January 2014

*The Morgan Stanley Capital International (MSCI) India Index is a free-float adjusted market capitalization weighted index that is designed to measure the performance of the large and mid cap segments of the Indian market. The performance of the Index is calculated in U.S. dollars and assumes reinvestment of net dividends. It is not possible to invest directly in an index.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Portfolio of Investments

	Shares	Value (000)
COMMON STOCKS (98.5%)		
Auto Components (2.4%)		
Motherson Sumi Systems Ltd.	2,628,678	\$ 7,756
Automobiles (0.6%)		
Tata Motors Ltd., Class A	631,754	1,967
Chemicals (1.7%)		
Asian Paints Ltd.	683,723	5,416
Commercial Banks (18.8%)		
Axis Bank Ltd.	253,000	5,316
HDFC Bank Ltd.	2,270,845	24,936
ICICI Bank Ltd.	749,623	13,316
IndusInd Bank Ltd.	1,762,791	11,989
ING Vysya Bank Ltd.	481,960	4,800
		60,357
Construction & Engineering (4.3%)		
Gammon India Ltd. (a)	2,545,382	576
Larsen & Toubro Ltd.	763,350	13,208
		13,784
Construction Materials (4.8%)		
Shree Cement Ltd.	103,474	7,264
The Ramco Cements Ltd.	1,100,579	3,408
Ultratech Cement Ltd.	161,490	4,606
		15,278
Consumer Finance (5.8%)		
Cholamandalam Investment and Finance Co., Ltd.	380,301	1,502
Mahindra & Mahindra Financial Services Ltd.	1,904,835	9,875
SKS Microfinance Ltd. (a)	2,394,300	7,339
		18,716
Food Products (0.9%)		
McLeod Russel India Ltd.	577,397	3,002
Household Products (1.3%)		
Jyothy Laboratories Ltd.	1,418,342	4,351
Independent Power Producers & Energy Traders (0.5%)		
Jaiprakash Power Ventures Ltd. (a)	5,132,136	1,568
Information Technology Services (16.9%)		
Cognizant Technology Solutions Corp., Class A (a)	132,800	13,410
HCL Technologies Ltd.	476,629	9,729
Infosys Ltd.	292,181	16,465

	Shares	Value (000)
Infosys Technologies Ltd. (a)(b)(c)	6,400	\$ 180
Tata Consultancy Services Ltd.	411,359	14,445
		54,229
Internet Software & Services (2.0%)		
Just Dial Ltd. (a)	278,416	6,490
Machinery (4.9%)		
Cummins India Ltd.	412,041	3,192
Eicher Motors Ltd.	154,216	12,405
		15,597
Media (3.8%)		
Hathway Cable & Datacom Ltd. (a)	394,700	1,811
Sun TV Network Ltd.	800,929	4,924
Zee Entertainment Enterprises Ltd.	1,240,633	5,548
		12,283
Metals & Mining (1.0%)		
Hindustan Zinc Ltd.	1,570,989	3,365
Oil, Gas & Consumable Fuels (9.0%)		
Bharat Petroleum Corp., Ltd.	1,282,599	7,214
Essar Oil Ltd. (a)	2,264,183	1,993
Reliance Industries Ltd.	1,370,102	19,829
		29,036
Pharmaceuticals (6.9%)		
Glenmark Pharmaceuticals Ltd.	1,093,314	9,436
Lupin Ltd.	292,670	4,533
Sun Pharmaceutical Industries Ltd.	880,771	8,080
		22,049
Real Estate Management & Development (2.7%)		
Oberoi Realty Ltd.	1,442,457	5,459
Prestige Estates Projects Ltd.	1,171,531	3,077
		8,536
Software (1.9%)		
KPIT Technologies Ltd.	2,216,101	6,141
Textiles, Apparel & Luxury Goods (2.1%)		
Bata India Ltd.	389,780	6,640
Tobacco (4.4%)		
ITC Ltd.	2,000,794	10,411
VST Industries Ltd.	128,312	3,605
		14,016
Wireless Telecommunication Services (1.8%)		
Idea Cellular Ltd.	2,179,941	5,882
TOTAL COMMON STOCKS (Cost		
\$260,625)		316,459

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Portfolio of Investments (cont'd)

	Shares	Value (000)
SHORT-TERM INVESTMENT (0.6%)		
Investment Company (0.6%)		
Morgan Stanley Institutional Liquidity Funds Money Market Portfolio Institutional Class (See Note F) (Cost \$1,904)	1,904,468	\$ 1,904
TOTAL INVESTMENTS (99.1%) (Cost \$262,529)		318,363
OTHER ASSETS IN EXCESS OF LIABILITIES (0.9%)		2,776
NET ASSETS (100.0%)		\$321,139

(a) Non-income producing security.

(b) Security has been deemed illiquid at December 31, 2013.

(c) At December 31, 2013, the Fund held a fair valued security valued at approximately \$180,000, representing 0.1% of net assets. This security has been fair valued as determined in good faith under procedures established by and under the general supervision of the Fund's Directors.

Portfolio Composition

Classification	Percentage of Total Investments
Other*	42.1%
Commercial Banks	19.0
Information Technology Services	17.0
Oil, Gas & Consumable Fuels	9.1
Pharmaceuticals	6.9
Consumer Finance	5.9
Total Investments	100.0%

* Industries and/or investment types representing less than 5% of total investments.

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Financial Statements

	December 31, 2013
	(000)
Statement of Assets and Liabilities	
Assets:	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$260,625)	\$ 316,459
Investment in Security of Affiliated Issuer, at Value (Cost \$1,904)	1,904
Total Investments in Securities, at Value (Cost \$262,529)	318,363
Foreign Currency, at Value (Cost \$3,543)	3,530
Dividends Receivable	150
Receivable from Affiliate	@
Other Assets	57
Total Assets	322,100
Liabilities:	
Repurchase of Shares	413
Payable for Advisory Fees	292
Payable for Directors' Fees and Expenses	82
Payable for Tender Offer Fees	77
Payable for Custodian Fees	51
Payable for Administration Fees	14
Payable for Professional Fees	4
Payable for Stockholder Servicing Agent Fees	2
Other Liabilities	26
Total Liabilities	961
Net Assets	
Applicable to 15,989,210 Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$ 321,139
Net Asset Value Per Share	\$ 20.08
Net Assets Consist of:	
Common Stock	\$ 160
Paid-in-Capital	335,369
Accumulated Net Investment Loss	(343)
Accumulated Net Realized Loss	(69,405)
Unrealized Appreciation (Depreciation) on:	
Investments	55,425
Foreign Currency Translations	(67)
Net Assets	\$ 321,139
@ Amount is less than \$500.	

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Financial Statements (cont'd)

	Year Ended December 31, 2013 (000)
Statement of Operations	
Investment Income:	
Dividends from Securities of Unaffiliated Issuers	\$ 3,680
Dividends from Security of Affiliated Issuer (Note F)	2
Total Investment Income	3,682
Expenses:	
Advisory Fees (Note B)	3,816
Custodian Fees (Note D)	359
Administration Fees (Note C)	315
Professional Fees	242
Directors' Fees and Expenses	158
Tender Offer Fees	116
Stockholder Reporting Expenses	59
Stockholder Servicing Agent Fees	8
Other Expenses	48
Total Expenses	5,121
Waiver of Administration Fees (Note C)	(169)
Rebate from Morgan Stanley Affiliate (Note F)	(3)
Net Expenses	4,949
Net Investment Loss	(1,267)
Realized Loss:	
Investments Sold	(738)
Foreign Currency Transactions	(2,112)
Net Realized Loss	(2,850)
Change in Unrealized Appreciation (Depreciation):	
Investments	(14,334)
Foreign Currency Translations	(44)
Net Change in Unrealized Appreciation (Depreciation)	(14,378)
Net Realized Loss and Change in Unrealized Appreciation (Depreciation)	(17,228)
Net Decrease in Net Assets Resulting from Operations	\$ (18,495)

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Financial Statements (cont'd)

	Year Ended December 31, 2013 (000)	Year Ended December 31, 2012 (000)
Statements of Changes in Net Assets		
Increase (Decrease) in Net Assets:		
Operations:		
Net Investment Loss	\$ (1,267)	\$ (247)
Net Realized Loss	(2,850)	(31,807)
Net Change in Unrealized Appreciation (Depreciation)	(14,378)	131,574
Net Increase (Decrease) in Net Assets Resulting from Operations	(18,495)	99,520
Capital Share Transactions:		
Repurchase of Shares (844,892 and 363,688 shares)	(13,817)	(6,043)
Common Stock Redeemed through Tender Offers (1,783,471 and 3,349,634 shares)	(33,618)	(56,374)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(47,435)	(62,417)
Total Increase (Decrease)	(65,930)	37,103
Net Assets:		
Beginning of Period	387,069	349,966
End of Period (Including Accumulated Net Investment Loss of \$(343) and \$(107))	\$ 321,139	\$ 387,069

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Financial Highlights

Selected Per Share Data and Ratios

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Net Asset Value, Beginning of Period	\$ 20.79	\$ 15.67	\$ 27.46	\$ 23.74	\$ 13.08
Net Investment Loss†	(0.07)	(0.01)	(0.06)	(0.03)	(0.04)
Net Realized and Unrealized Gain (Loss)	(0.78)	5.04	(10.55)	6.22	10.90
Total from Investment Operations	(0.85)	5.03	(10.61)	6.19	10.86
Distributions from and/or in excess of:					
Net Realized Gain			(1.18)	(2.47)	
Total Distributions			(1.18)	(2.47)	
Dilutive Effect of Shares Issued through Rights Offering and Offering Costs					(0.20)
Anti-Dilutive Effect of Share Repurchase Program	0.11	0.04			
Anti-Dilutive Effect of Tender Offer	0.03	0.05			
Net Asset Value, End of Period	\$ 20.08	\$ 20.79	\$ 15.67	\$ 27.46	\$ 23.74
Per Share Market Value, End of Period	\$ 17.48	\$ 18.53	\$ 14.01	\$ 25.65	\$ 22.61
TOTAL INVESTMENT RETURN:					
Market Value	(5.67)%	32.26%	(42.46)%	24.79%	80.88%

Net Asset Value(1)	(3.42)%	32.67%	(39.88)%	27.23%	81.50%
RATIOS, SUPPLEMENTAL DATA:					
Net Assets, End of Period (Thousands)					
	\$321,139	\$387,069	\$349,966	\$613,141	\$530,115
Ratio of Expenses to Average Net Assets(2)	1.43%+	1.40%+	1.38%+	1.33%+	1.42%+
Ratio of Net Investment Loss to Average Net Assets(2)	(0.37)%+	(0.07)%+	(0.28)%+	(0.12)%+	(0.21)%+
Ratio of Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%§	0.00%§	0.00%§	0.00%§	0.00%§
Portfolio Turnover Rate	46%	69%	45%	66%	91%

**(2)
Supplemental Information on the Ratios to Average Net Assets:**

Ratios Before Expenses Waived by Administrator:

Ratio of Expenses to Average Net Assets	1.48%	1.45%	1.43%	1.37%+	1.47%+
Ratio of Net Investment Loss to Average Net Assets	(0.42)%	(0.12)%	(0.33)%	(0.16)%+	(0.26)%+

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

† Per share amount is based on average shares outstanding.

+ The Ratios of Expenses and Net Investment Loss reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates to Average Net

Assets."

§ Amount is less than 0.005%.

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Notes to Financial Statements

The Morgan Stanley India Investment Fund, Inc. (the "Fund") was incorporated in Maryland on December 22, 1993, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "Act"). The adviser, Morgan Stanley Investment Management Inc. (the "Adviser"), and sub-adviser, Morgan Stanley Investment Management Company (the "Sub-Adviser"), seek long-term capital appreciation through investments primarily in equity securities of Indian Issuers.

A. Significant Accounting Policies: The following significant accounting policies are in conformity with U.S. generally accepted accounting principles ("GAAP"). Such policies are consistently followed by the Fund in the preparation of its financial statements. GAAP may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. Security Valuation: (1) An equity portfolio security listed or traded on an exchange is valued at its latest reported sales price (or at the exchange official closing price if such exchange reports an official closing price), if there were no sales on a given day, the security is valued at the mean between the last reported bid and asked prices; (2) all other equity portfolio securities for which over-the-counter market quotations are readily available are valued at its latest reported sales price. In cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market; (3) when market quotations are not readily available, including circumstances under which the Adviser determines that the closing price, last sale price or the mean between the last reported bid and asked prices are not reflective of a security's market value, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Board of Directors (the

"Directors"). Occasionally, developments affecting the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business of the New York Stock Exchange ("NYSE"). If developments occur during such periods that are expected to materially affect the value of such securities, such valuations may be adjusted to reflect the estimated fair value of such securities as of the close of the NYSE, as determined in good faith by the Directors or by the Adviser using a pricing service and/or procedures approved by the Directors; (4) quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into U.S. dollar equivalents at the prevailing market rates prior to the close of the NYSE; (5) investments in mutual funds, including the Morgan Stanley Institutional Liquidity Funds, are valued at the net asset value as of the close of each business day; and (6) short-term debt securities with remaining maturities of 60 days or less at the time of purchase may be valued at amortized cost, unless the Adviser determines such valuation does not reflect the securities' market value, in which case these securities will be valued at their fair market value determined by the Adviser.

Under procedures approved by the Directors, the Fund's Adviser has formed a Valuation Committee. The Valuation Committee provides administration and oversight of the Fund's valuation policies and procedures, which are reviewed at least annually by the Directors. These procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

The Fund has procedures to determine the fair value of securities and other financial instruments for which market

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Notes to Financial Statements (cont'd)

prices are not readily available. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such securities and considers a number of factors, including valuation methodologies and significant unobservable valuation inputs, when arriving at fair value. The Valuation Committee may employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The Valuation Committee employs various methods for calibrating these valuation approaches including a regular review of valuation methodologies, key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

2. Fair Value Measurement: Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), defines fair value as the value that the Fund would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in valuing an asset or liability developed based on market data

obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in valuing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's investments. The inputs are summarized in the three broad levels listed below.

- Level 1 unadjusted quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs including the Fund's own assumptions in determining the fair value of investments. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each security.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2013.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Notes to Financial Statements (cont'd)

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets:				
Common Stocks				
Auto				
Components	\$ 7,756	\$	\$	\$ 7,756
Automobiles	1,967			1,967
Chemicals	5,416			5,416
Commercial				
Banks	30,621	29,736		60,357
Construction & Engineering	13,784			13,784
Construction Materials	15,278			15,278
Consumer				
Finance	18,716			18,716
Food Products	3,002			3,002
Household Products	4,351			4,351
Independent Power				
Producers & Energy				
Traders	1,568			1,568
Information Technology				
Services	54,049		180	54,229
Internet				
Software & Services	6,490			6,490
Machinery	15,597			15,597
Media	12,283			12,283
Metals & Mining	3,365			3,365
Oil, Gas & Consumable				
Fuels	29,036			29,036
Pharmaceuticals	17,516	4,533		22,049
Real Estate	8,536			8,536
Management &				

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Development Software	6,141			6,141
Assets: (cont'd)				
Common Stocks (cont'd)				
Textiles, Apparel & Luxury Goods	\$ 6,640	\$	\$	\$ 6,640
Tobacco	14,016			14,016
Wireless Telecommunication Services	5,882			5,882
Total Common Stocks	282,010	34,269	180	316,459
Short-Term Investment				
Investment Company	1,904			1,904
Total Assets	\$ 283,914	\$ 34,269	\$ 180	\$318,363

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. The Fund recognizes transfers between the levels as of the end of the period. As of December 31, 2013, securities with a total value of approximately \$204,844,000 transferred from Level 2 to Level 1. At December 31, 2012, the fair value of certain securities were adjusted due to developments which occurred between the time of the close of the foreign markets on which they trade and the close of business on the NYSE which resulted in their Level 2 classification.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Notes to Financial Statements (cont'd)

	Common Stocks (000)
Beginning Balance	\$ 1,783
Purchases	
Sales	
Amortization of discount	
Transfers in	
Transfers out	
Corporate action	(2,006)
Change in unrealized appreciation/depreciation	403
Realized gains (losses)	
Ending Balance	\$ 180
Net change in unrealized appreciation/ depreciation from investments still held as of December 31, 2013	\$ 403

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 as of December 31, 2013.

	Fair Value at December 31, 2013 (000)	Valuation Technique	Unobservable Input	Range	Weighted Average	Impact to Valuation from an Increase in Input
Information Technology Services						
Common Stock	\$ 180	Market Transaction	Discount for Lack of Marketability		50.0%	Decrease

3. Foreign Currency Translation and Foreign Investments: The books and records of the Fund are maintained in U.S. dollars. Amounts denominated in Indian rupees are translated into U.S. dollars as follows:

investments, other assets and liabilities at the prevailing rate of exchange on the valuation date;

investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at period end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) on investments in securities are included in the reported net realized and unrealized gains (losses) on investment transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from sales and maturities of foreign currency forward exchange contracts, disposition of foreign currency, currency gains (losses) realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized appreciation (depreciation) on investments and foreign currency translations in the Statement of Assets and Liabilities. The change in unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A significant portion of the Fund's net assets consist of Indian securities which involve certain considerations and risks not typically associated with investments in the United States. In addition to its smaller size, less liquidity and greater volatility, the Indian securities market is less developed than the U.S. securities market and there is often

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Notes to Financial Statements (cont'd)

substantially less publicly available information about Indian issuers than there is about U.S. issuers. Settlement mechanisms are also less developed and are accomplished, in certain cases, only through physical delivery, which may cause the Fund to experience delays or other difficulties in effecting transactions.

4. Indemnifications: The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

5. Other: Security transactions are accounted for on the date the securities are purchased or sold. Investments in new Indian securities are made by making applications in the public offerings. The issue price, or a portion thereof, is paid at the time of application and reflected as share application money on the Statement of Assets and Liabilities Upon allotment of the securities, this amount plus any remaining amount of issue price is recorded as cost of investments. Realized gains (losses) on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on the accrual basis, if any.

B. Advisory/Sub-Advisory Fees: The Adviser, a wholly-owned subsidiary of Morgan Stanley, provides the Fund with advisory services under the terms of an Investment Advisory Agreement, calculated weekly and payable monthly, at an annual rate of 1.10% of the Fund's average weekly net assets.

The Adviser has entered into a Sub-Advisory Agreement with the Sub-Adviser, a wholly-owned subsidiary of Morgan Stanley. The Sub-Adviser provides the Fund with advisory services subject to the overall supervision of the Adviser and the Fund's Officers and Directors. The Adviser pays the Sub-Adviser on a

monthly basis a portion of the net advisory fees the Adviser receives from the Fund.

C. Administration Fees: The Adviser also serves as Administrator to the Fund and provides administrative services pursuant to an Administration Agreement for an annual fee, accrued daily and paid monthly, of 0.08% of the Fund's average weekly net assets. The Adviser has agreed to limit the administration fee through a waiver so that it will be no greater than the previous administration fee of 0.02435% of the Fund's average weekly net assets plus \$24,000 per annum. This waiver may be terminated at any time. For the year ended December 31, 2013, approximately \$169,000 of administration fees were waived pursuant to this arrangement. Under a Sub-Administration Agreement between the Administrator and State Street Bank and Trust Company ("State Street"), State Street provides certain administrative services to the Fund. For such services, the Administrator pays State Street a portion of the fee the Administrator receives from the Fund.

Cim Fund Services Ltd., whose registered office is in Mauritius, provides sub-administrative services to the Fund, including maintaining certain Fund records and preparing certain periodic filings, under an agreement whereby Cim Fund Services Ltd. is paid a fee of \$18,000 per annum plus reimbursement for certain out-of-pocket expenses.

D. Custodian Fees: State Street (the "Custodian") and its affiliates serve as Custodian for the Fund. The Custodian holds cash, securities, and other assets of the Fund as required by the Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

E. Federal Income Taxes: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable income. Accordingly, no provision for Federal income taxes is required in the financial statements.

Morgan Stanley India Investment Fund, Inc.

December 31, 2013

Notes to Financial Statements (cont'd)

Effective October 1, 2004 there is no capital gains tax in India for long-term investments in specified securities executed on a recognized stock exchange on which securities transaction tax is paid. The current rate of capital gains tax for short-term investments is 16.223% for transactions conducted through a recognized stock exchange and on which securities transaction tax is paid. The Fund invests in India through a registered branch office established in Mauritius. Further, the Fund's central management and control is in Mauritius and it obtains a tax residency certificate from the Mauritian authorities and thus claims the benefits under the double taxation treaty between Mauritius and India. A fund which is a tax resident in Mauritius under the Treaty but has no branch or permanent establishment in India will not be subject to capital gains tax in India on the sale of securities. The dividend income from Indian companies are exempt from Indian income tax.

The Fund currently is subject to and accrues Indian tax on interest earned on Indian securities at 21.63%. The Treaty benefits accorded to foreign investors were challenged by a nongovernmental organization and the matter was litigated before India's Supreme Court (the highest court in India). In October 2003, India's Supreme Court upheld the validity of Treaty benefits accorded to foreign investors on the basis of a certificate of residence issued by Mauritian authorities (such as the one obtained by the Fund).

The Indian Finance Minister ("FM") announced the introduction of a General Anti Avoidance Rule ("GAAR") in the Indian tax law in the final 2012/2013 Indian Budget. Subsequent to the announcement of the Budget, comments were submitted to the FM regarding the GAAR. In response to these comments, on May 7, 2012 the FM announced that the GAAR will be effective as of April 1, 2013, which is a delay of one year from what had been proposed. Furthermore, a committee was formed that is expected to issue rules and guidelines governing the implementation of the GAAR. The Committee submitted its report on September 30, 2012. As per

the press statement issued, dated January 14, 2013, the Government has accepted, with some modification, the major recommendations of the Committee, and it is proposed that implementation of the GAAR will be deferred to the financial year commencing from April 1, 2015. At this time we cannot assess whether the Fund will fall within the scope of the GAAR and, if the GAAR is applicable to the Fund, how it will impact the Fund.

FASB ASC 740-10, *Income Taxes - Overall*, sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has concluded there are no significant uncertain tax positions that would require recognition in the financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in "Interest Expense" and penalties in "Other Expenses" in the Statement of Operations. The Fund files tax returns with the U.S. Internal Revenue Service, New York and various states. Each of the tax years in the four-year period ended December 31, 2013, remains subject to examination by taxing authorities.

The tax character of distributions paid may differ from the character of distributions shown in the Statements of Changes in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. There were no distributions paid during the fiscal years ended 2013 and 2012.

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from GAAP. These book/tax differences are either considered temporary or permanent in nature.

Temporary differences are attributable to differing book and tax treatments for the timing of the recognition of gains (losses) on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences, primarily due to differing treatments of gains (losses) related to foreign currency transactions and a net

Morgan Stanley India Investment Fund, Inc.**December 31, 2013**

Notes to Financial Statements (cont'd)

operating loss, resulted in the following reclassifications among the components of net assets at December 31, 2013:

Accumulated Net Investment Loss (000)	Accumulated Net Realized Loss (000)	Paid-in- Capital (000)
\$ 1,031	\$ 2,112	\$ (3,143)

At December 31, 2013, the Fund had no distributable earnings on a tax basis.

At December 31, 2013, the aggregate cost for Federal income tax purposes is approximately \$267,781,000. The aggregate gross unrealized appreciation is approximately \$75,538,000 and the aggregate gross unrealized depreciation is approximately \$24,956,000 resulting in net unrealized appreciation of approximately \$50,582,000.

At December 31, 2013, the Fund had available for Federal income tax purposes unused short term and long term capital losses of approximately \$35,913,000 and \$28,239,000, respectively, that do not have an expiration date.

To the extent that capital loss carryforwards are used to offset any future capital gains realized during the carryover period as provided by U.S. Federal income tax regulations, no capital gains tax liability will be incurred by the Fund for gains realized and not distributed. To the extent that capital gains are offset, such gains will not be distributed to the stockholders. During the year ended December 31, 2013, the Fund utilized capital loss carryforwards for U.S. Federal income tax purposes of approximately \$6,024,000.