

MORGAN STANLEY DEAN WITTER INDIA INVESTMENT

Form N-30B-2

June 05, 2002

FIRST QUARTER REPORT

MARCH 31, 2002

[MORGAN STANLEY LOGO]

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

MORGAN STANLEY  
INVESTMENT MANAGEMENT INC.  
INVESTMENT ADVISER

Morgan Stanley India Investment Fund, Inc.

DIRECTORS AND OFFICERS

Barton M. Biggs  
CHAIRMAN OF THE  
BOARD OF DIRECTORS

Marie Joseph Raymond  
Lamusse  
DIRECTOR

Ronald E. Robison  
PRESIDENT AND DIRECTOR

Fergus Reid  
DIRECTOR

Gaetan Bouic II  
DIRECTOR

Stefanie V. Chang  
VICE PRESIDENT

John S.Y. Chu  
DIRECTOR

Lorraine Truten  
VICE PRESIDENT

Clifford D'Souza  
DIRECTOR

James W. Garrett  
TREASURER

Gerard E. Jones  
DIRECTOR

Mary E. Mullin  
SECRETARY

Nilesh Joshi  
DIRECTOR

Belinda A. Brady  
ASSISTANT TREASURER

INVESTMENT ADVISER  
Morgan Stanley Investment Management Inc.  
1221 Avenue of the Americas  
New York, New York 10020

ADMINISTRATOR  
JPMorgan Chase Bank  
73 Tremont Street  
Boston, Massachusetts 02108

CUSTODIAN  
JPMorgan Chase Bank  
3 Chase MetroTech Center  
Brooklyn, New York 11245

SHAREHOLDER SERVICING AGENT  
American Stock Transfer & Trust Company

## Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

40 Wall Street  
New York, New York 10005  
(800) 278-4353

LEGAL COUNSEL  
Clifford Chance Rogers & Wells LLP  
200 Park Avenue  
New York, New York 10166

INDEPENDENT AUDITORS  
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 1-800-221-6726 or visit our website at [www.morganstanley.com/im](http://www.morganstanley.com/im).

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

### OVERVIEW

#### LETTER TO SHAREHOLDERS

For the three months ended March 31, 2002, the Morgan Stanley India Investment Fund, Inc. (the "Fund") had a total return, based on net asset value per share, of 11.49% compared to 8.95% for the U.S. dollar adjusted Bombay Stock Exchange (BSE) National Index (the "Index"). On March 31, 2002, the closing price of the Fund's shares on the New York Stock Exchange was \$9.99, representing a 17.5% discount to the Fund's net asset value per share.

#### MARKET REVIEW

We have been repeatedly making the point that when a new bull market begins, and India along with the rest of the world could well be in the midst of one, a new set of stocks will propel the market higher. What worked in the bull market of 1999-00 will not necessarily work in 2002. We are increasingly seeing evidence of such a change. This year's price action shows that the market can move higher despite under-performance in the tech sector. In fact, the pulse of the market is being determined by the direction of the public sector stocks. Investors always knew there was value in such stocks but were waiting for some trigger and found it once the privatization program showed signs of acceleration.

Our strategy has been to overweight undervalued but well run public sector companies where privatization would only be a bonus and to avoid chasing names hot off the privatization rumor list. This strategy has helped the portfolio meaningfully outperform the Index and be at the top end of its peer group. One of the biggest contributors to relative performance over the past few quarters has been the underweight position in the technology sector. Conversely, our overweight position in financials has worked well from both a relative attribution and absolute return standpoint. We continue to believe in these themes and hope it will generate further out-performance for the portfolio.

#### MARKET OUTLOOK

Privatization has come to be the most important theme in the marketplace because it currently lies at the heart of India's macro-economic reform effort. Therefore, the speed of the program has an effect on not just the directly affected stocks. The Indian economy is at a stage where it needs further reforms to move to the next stage of the development/growth cycle. It is otherwise

## Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

getting increasingly difficult for even some of the leading domestic-oriented companies to generate top-line growth and in its absence there is a limit to which corporate India can keep squeezing costs to improve profitability. So we hope the privatization program continues to gather momentum and thereby keeps the market going.

The strength of our portfolio though lies in its diversity where there are sector preferences reflected at any point in time but no sector over-concentration. The portfolio otherwise continues to be overweight in sectors and stocks which we think have strong fundamentals to better the general environment and is correspondingly underweight in sectors/stocks that carry much baggage (e.g. excessive speculative fervor) from the previous cycle.

### OTHER DEVELOPMENTS

On August 10, 1998, the Fund commenced a share repurchase program for purposes of enhancing shareholder value and reducing the discount at which the Fund's shares traded from their net asset value. During the three months ended March 31, 2002, the Fund repurchased 426,200 of its shares at an average discount of 16.61% from net asset value per share. Since the inception of the program, the Fund has repurchased 8,261,000 of its shares at an average discount of 30.26% from net asset value per share. The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Board of Directors.

On December 13, 2001, the Board of Directors of the Fund authorized the Fund to conduct a tender offer during the second quarter of 2002 for up to 15% of the Funds shares, at a price equal to 95% of the Fund's net asset value per share ("NAV") on the last day of the tender period. The tender period commenced on April 15, 2002 and is scheduled to terminate on May 17, 2002.

Sincerely,

/s/ Ronald E. Robison  
 Ronald E. Robison  
 President and Director

April 2002

2

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

MARCH 31, 2002

### INVESTMENT SUMMARY Historical Information (Unaudited)

	TOTAL RETURN (%)				
	MARKET VALUE (1)		NET ASSET VALUE (2)		
	CUMULATIVE	AVERAGE ANNUAL	CUMULATIVE	AVERAGE ANNUAL	CUMULATIVE
Year to Date	15.49%	--	11.49%	--	
One Year	28.52	28.52%	13.92	13.92%	

## Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

Five Year	32.08	5.72	60.82	9.97
Since Inception*	-7.29	-0.93	8.95	1.07

Past performance is not predictive of future performance.

[CHART]

	MORGAN STANLEY INDIA INVESTMENT FUND, INC.(2)	BOMBAY STOCK EXCHANGE (BSE) NATIONAL INDEX(3)
1994	0.72%	-7.88%
1995	-36.31%	-31.53%
1996	-1.12%	-6.49%
1997	0.23%	6.43%
1998	4.08%	-20.98%
1999	145.81%	88.41%
2000	-29.68%	-27.73%
2001	-14.52%	-25.82%
2002	11.49%	8.95%

### Returns and Per Share Information

	YEAR ENDED DECEMBER 31,								
	1994*	1995	1996	1997	1998	1999	2000	2001	2002
Net Asset Value Per Share	\$13.99	\$ 8.91	\$ 8.81	\$8.83	\$ 9.19	\$ 22.59	\$ 13.92	\$ 10.53	\$ 10.53
Market Value Per Share	\$11.25	\$ 9.13	\$ 9.50	\$8.38	\$ 6.75	\$ 16.50	\$ 11.06	\$ 8.65	\$ 8.65
Premium/(Discount)	-19.6%	2.5%	7.8%	-5.1%	-26.6%	-27.0%	-20.5%	-17.9%	-17.9%
Income Dividends	--	--	--	--	--	--	--	\$ 0.23	\$ 0.23
Capital Gains Distributions	\$ 0.17	--	--	--	--	--	\$ 1.60	\$ 0.84	\$ 0.84
Fund Total Return(2)	0.72%	-36.31%	-1.12%	0.23%	4.08%	145.81%	-29.68%	-14.52%	-14.52%
Index Total Return(3)	-7.88%	-31.53%	-6.49%	6.43%	-20.98%	88.41%	-27.73%	-25.82%	-25.82%

(1) Assumes dividends and distributions, if any, were reinvested.

(2) 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. These percentages are not an indication of the performance of a shareholder'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. Total returns for periods of less than one year are not annualized.

(3) The Bombay Stock Exchange (BSE) National Index is a market capitalization

# Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

weighted index including the equity shares of 100 companies from the "Specified" and the "Non-specified" list of the 5 major stock exchanges, namely, Bombay, Calcutta, Delhi, Ahmedabad and Madras, expressed in U.S. dollar terms.

\* The Fund commenced operations on February 25, 1994.

FOREIGN INVESTING INVOLVES CERTAIN RISKS, INCLUDING CURRENCY FLUCTUATIONS AND CONTROLS, RESTRICTIONS ON FOREIGN INVESTMENTS, LESS GOVERNMENTAL SUPERVISION AND REGULATION, LESS LIQUIDITY AND THE POTENTIAL FOR MARKET VOLATILITY AND POLITICAL INSTABILITY.

3

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

MARCH 31, 2002

## PORTFOLIO SUMMARY

[CHART]

### Allocation of Total Investments

---

Equity Securities	94.7%
Short-Term Investments	5.3

---

[CHART]

### Industries

---

IT Consulting & Services	12.2%
Banks	10.0
Automobiles	9.9
Pharmaceuticals	9.7
Oil & Gas	7.0
Metals & Mining	5.4
Household Products	5.2
Road & Rail	5.0
Chemicals	4.2
Diversified Financials	4.0
Other	27.4

---

### Ten Largest Holdings\*

PERCENT OF  
NET ASSETS

---

1. Hero Honda Motors Ltd.	8.5%
---------------------------	------

Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

2.	State Bank of India Ltd.	6.0
3.	Infosys Technologies Ltd.	5.6
4.	Wipro Ltd.	5.4
5.	Container Corporation of India Ltd.	5.0
6.	HDFC Bank Ltd.	4.0%
7.	Housing Development Finance Corp., Ltd.	4.0
8.	Dr. Reddy's Laboratories Ltd.	3.3
9.	Manhanager Telephone Nigam Ltd.	3.2
10.	Hindustan Petroleum Corp., Ltd	3.1
		----
		48.1%
		=====

\*Excludes short-term Investments

4

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

FINANCIAL STATEMENTS

MARCH 31, 2002 (UNAUDITED)

STATEMENT OF NET ASSETS

	SHARES	VALUE (000)
-----		
COMMON STOCKS (95.5%)		
(UNLESS OTHERWISE NOTED)		
=====		
AUTO COMPONENTS (0.0%)		
Apollo Tyres Ltd.	2,075	\$ 3
Rane (Madras) Ltd.	95,700	48
		-----
		51
=====		
AUTOMOBILES (9.9%)		
Hero Honda Motors Ltd.	2,760,612	18,885
Patheja Forgings & Auto Parts Ltd.	450,000	--@
Tata Engineering & Locomotive Co., Ltd.	1,234,725	3,196
		-----
		22,081
=====		
BANKS (10.0%)		
HDFC Bank Ltd.	1,329,124	6,407
HDFC Bank Ltd. ADR	168,700	2,590
State Bank of India Ltd.	2,955,054	13,315
		-----
		22,312
=====		
BIOTECHNOLOGY (0.5%)		
Shantha Biotechnics Pvt. Ltd.	500,000	1,025
		-----
CHEMICALS (4.2%)		
Asian Paints (India) Ltd.	373,584	2,513
Aventis Cropscience India Ltd.	291,867	1,041
ICI (India) Ltd.	25,000	36

Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

Indo Gulf Corp., Ltd.	1,829,545	1,615
Reliance Industries Ltd.	670,000	4,130
		9,335
=====		
COMMERCIAL SERVICES & SUPPLIES (0.3%)		
Xerox Modicorp Ltd.	718,225	736
=====		
CONSTRUCTION MATERIALS (2.8%)		
Gujarat Ambuja Cements Ltd.	1,164,597	4,782
Gujarat Ambuja Cements Ltd. GDR	355,000	1,509
		6,291
=====		
DIVERSIFIED FINANCIALS (4.0%)		
Housing Development Finance Corp., Ltd.	632,876	8,882
=====		
DIVERSIFIED TELECOMMUNICATION SERVICES (3.7%)		
Bharti Tele-Ventures Ltd.	1,525,000	1,201
Mahanagar Telephone Nigam Ltd.	2,147,831	6,492
Mahanagar Telephone Nigam Ltd. ADR	105,000	625
		8,318
=====		
ELECTRIC UTILITIES (1.5%)		
Tata Power Co., Ltd.	1,408,040	3,276
=====		
ELECTRICAL EQUIPMENT (3.3%)		
Asea Brown Boveri, Ltd.	384,742	\$ 2,094
Bharat Heavy Electricals Ltd.	1,550,184	5,366
		7,460
=====		
ENERGY EQUIPMENT & SERVICES (0.5%)		
Oil and Natural Gas Corp., Ltd.	215,050	1,205
=====		
FOOD PRODUCTS (3.4%)		
Britannia Industries Ltd.	207,236	2,299
Nestle India Ltd.	141,824	1,490
SmithKline Beecham Consumer Healthcare Ltd.	495,927	3,838
		7,627
=====		
HOUSEHOLD DURABLES (0.1%)		
Samtel Colour Ltd.	559,300	264
=====		
HOUSEHOLD PRODUCTS (5.2%)		
Colgate-Palmolive (India) Ltd.	1,007,351	2,910
Hindustan Lever Ltd.	1,402,729	6,480
Reckitt Benckiser (India) Ltd.	446,971	2,211
		11,601
=====		
INTERNET SOFTWARE & SERVICES (0.0%)		
India Info.com pcl	532,875	--@
=====		
IT CONSULTING & SERVICES (12.2%)		
HCL Technologies Ltd.	531,494	2,764
Infosys Technologies Ltd.	164,645	12,608
Wipro Ltd.	196,697	6,861
Wipro Ltd. ADR	137,310	5,112
=====		

Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

27,345

=====		
MACHINERY (1.5%)		
Cummins India Ltd.	1,736,523	1,879
Lakshmi Synthetic Machinery Manufacturers Ltd.	137,700	17
Punjab Tractors Ltd.	264,862	822
Revathi-CP Equipment Ltd.	162,850	573
		-----
		3,291
=====		
MEDIA (1.9%)		
New Dehli Television Ltd.	333,300	692
Zee Telefilms Ltd.	1,038,419	3,572
		-----
		4,264
=====		
METALS & MINING (5.4%)		
Hindalco Industries Ltd.	316,506	4,996
National Aluminum Co., Ltd.	1,520,876	2,569
Steel Authority of India Ltd.	20,955,208	2,105
Tata Iron & Steel Co., Ltd.	1,206,400	2,415
		-----
		12,085
=====		

5

MORGAN STANLEY INDIA INVESTMENT FUND, INC.

FINANCIAL STATEMENTS

MARCH 31, 2002 (UNAUDITED)

STATEMENT OF NET ASSETS

	SHARES	VALUE (000)
-----		
OIL & GAS (7.0%)		
Bharat Petroleum Corp., Ltd.	703,788	\$ 4,758
Hindustan Petroleum Corp., Ltd.	1,159,211	6,906
Reliance Petroleum Ltd.	7,631,654	4,044
		-----
		15,708
=====		
PHARMACEUTICALS (9.7%)		
Cipla Ltd.	196,656	4,104
Dabur India Ltd.	2,685,708	3,061
Dr. Reddy's Laboratories Ltd.	261,000	5,874
Dr. Reddy's Laboratories Ltd. ADR	62,800	1,389
E. Merck (India) Ltd.	61,599	382
Ranbaxy Laboratories Ltd.	363,500	6,545
Strides Arcolab Ltd.	245,400	307
		-----
		21,662
=====		
ROAD & RAIL (5.0%)		
Container Corporation of India Ltd.	2,177,507	11,129



Edgar Filing: MORGAN STANLEY DEAN WITTER INDIA INVESTMENT - Form N-30B-2

-----		
SPECIALTY RETAIL (0.6%)		
Titan Industries Ltd.	1,218,376	1,284
-----		
TOBACCO (2.8%)		
ITC Ltd.	415,741	5,938
ITC Ltd. GDR	27,500	409
-----		
		6,347
=====		
TOTAL COMMON STOCKS		
(Cost \$214,229)		213,579
=====		

FACE  
AMOUNT  
(000)

-----		
SHORT-TERM INVESTMENT (4.7%)		
=====		
REPURCHASE AGREEMENT (4.7%)		
J.P. Morgan Securities, Inc.,		
1.76%, dated 3/28/02, due 4/1/02		
(Cost \$10,451)	10,451 (a)	10,451
=====		

-----		
FOREIGN CURRENCY ON DEPOSIT WITH CUSTODIAN (0.6%)		
=====		
Indian Rupee		
(Cost \$1,294)	INR 63,092	1,293
=====		

AMOUNT  
(000)

AMOUNT  
(000)

-----		
TOTAL INVESTMENTS (100.8%)		
(Cost \$225,974)		\$ 225,323
=====		

-----		
OTHER ASSETS AND LIABILITIES (-0.8%)		
Other Assets	\$ 775	
Liabilities	(2,525)	(1,750)
=====		

-----		
NET ASSETS (100.0%)		
Applicable to 19,038,804, issued and outstanding \$ 0.01 par value shares (100,000,000 shares authorized)		\$ 223,573
=====		

-----		
NET ASSET VALUE PER SHARE		\$ 11.74
=====		

(a) -- The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of this statement of net assets. The investment in the repurchase agreement is through participation in a joint account with affiliated funds.

@ -- Value is less than \$500.  
ADR -- American Depositary Receipt  
GDR -- Global Depositary Receipt

6