

MORGAN STANLEY INDIA INVESTMENT FUND, INC.
Form N-CSRS
September 02, 2016

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: 212-296-0289

Date of fiscal year December 31,
end:

Date of reporting period: June 30, 2016

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

Semi-Annual Report

June 30, 2016

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Morgan Stanley India Investment Fund, Inc.

June 30, 2016

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Morgan Stanley India Investment Fund, Inc.

June 30, 2016

Letter to Stockholders (unaudited)

Performance

For the six months ended June 30, 2016, the Morgan Stanley India Investment Fund, Inc. (the "Fund") had total returns of 7.23%, based on net asset value, and 6.42% based on market value per share (including reinvestment of distributions), compared to its benchmark, the MSCI India Index (the "Index")*, which returned 1.13%. On June 30, 2016, the closing price of the Fund's shares on the New York Stock Exchange was \$26.67, 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

- The first half of 2016 had its share of global macro events ranging from volatility in the Shanghai markets at the beginning of the year to Brexit at the end of the June. We continue to maintain that India remains correlated to global markets particularly at times of heightened volatility.
- In the six-month period, the Fund outperformed the Index. Both stock selection and sector allocation contributed to the outperformance.
- At a stock level, selection in financials, energy, consumer staples and industrials contributed to performance, while stock selection in information technology and health care detracted from performance.
- At a sector level, an overweight allocation to industrials, and underweight exposures to telecommunication services and health care were the largest contributors to performance, while an overweight position in financials and an underweight position in consumer staples detracted from performance.

Management Strategies

- In its first two years, the Modi government focused on financial inclusion and social security, simplifying and scrapping old laws, the passage of a bankruptcy bill, restructuring debt for state electric boards and holding transparent coal auctions, which were vital. The goods and service tax (GST) reform has been held up in parliament for long and we are keenly waiting to see if this goes through in the near future. Also effective steps for the resolution of non-performing loans at state-owned banks need to be taken.
- The monsoon season has begun well, and if the rainfall is normal it could help control food price inflation.
- The decline in exports has moderated but the weak external demand will likely keep the exports growth subdued. The high-frequency economic indicators we track are showing mixed signals. Public capital expenditure, discretionary consumption, foreign direct investment and rail volumes are gaining strength, whereas the private sector capital expenditures are still lagging.
- We believe the economic recovery is going to be uneven and gradual so we continue to seek pockets of growth within the economy where the turnaround is visible.

Morgan Stanley India Investment Fund, Inc.

June 30, 2016

Letter to Stockholders (unaudited) (cont'd)

- At the close of period, the Fund was overweight in financials (led by private sector banks) and industrials, which we think is a good play on macro recovery and largely linked to the movement of goods in the country. The Fund was underweight in the consumer staples, consumer discretionary and energy sectors.

Sincerely,

John H. Gernon
President and Principal Executive Officer July 2016

*The 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.**June 30, 2016**

Portfolio of Investments (unaudited)

	Shares	Value (000)
COMMON STOCKS (98.7%)		
Auto Components (4.6%)		
Bosch Ltd.	20,520	\$ 6,909
Motherson Sumi Systems Ltd.	3,203,391	13,776
		20,685
Automobiles (1.8%)		
Maruti Suzuki India Ltd.	130,569	8,131
Banks (18.9%)		
Axis Bank Ltd.	1,746,506	13,893
HDFC Bank Ltd.	739,332	14,987
IndusInd Bank Ltd.	1,937,576	32,071
Jammu & Kashmir Bank Ltd. (The)	3,890,969	3,971
State Bank of India	3,982,966	13,026
Yes Bank Ltd.	450,000	7,421
		85,369
Capital Markets (1.6%)		
Motilal Oswal Financial Services Ltd.	1,362,724	7,072
Construction & Engineering (5.1%)		
Ashoka Buildcon Ltd.	2,638,621	6,207
Larsen & Toubro Ltd.	745,861	16,617
		22,824
Construction Materials (7.4%)		
Prism Cement Ltd. (a)	3,462,649	5,629
Ramco Cements Ltd. (The)	1,100,579	9,081
Shree Cement Ltd.	86,140	18,634
		33,344
Consumer Finance (9.7%)		
Cholamandalam Investment and Finance Co., Ltd.	489,064	6,887
Shriram Transport Finance Co., Ltd.	1,394,117	24,907
SKS Microfinance Ltd. (a)	1,106,583	12,217
		44,011
Electronic Equipment, Instruments & Components (2.1%)		
Redington India Ltd.	6,139,235	9,436
Gas Utilities (3.3%)		
Gujarat State Petronet Ltd.	3,726,154	7,935
Indraprastha Gas Ltd.	767,175	7,157
		15,092
	Shares	Value (000)
Information Technology Services (12.0%)		

Cognizant Technology Solutions Corp., Class A (a)	270,186	\$ 15,466
HCL Technologies Ltd.	776,271	8,431
Infosys Ltd.	1,746,083	30,367
		54,264
Machinery (10.1%)		
Ashok Leyland Ltd.	10,076,789	14,761
Cummins India Ltd.	355,460	4,482
Eicher Motors Ltd.	92,584	26,480
		45,723
Media (2.3%)		
Zee Entertainment Enterprises Ltd.	1,525,338	10,358
Oil, Gas & Consumable Fuels (4.2%)		
Bharat Petroleum Corp., Ltd.	1,198,746	19,161
Personal Products (1.4%)		
Marico Ltd.	1,621,466	6,345
Pharmaceuticals (6.7%)		
Glenmark Pharmaceuticals Ltd.	818,931	9,699
Lupin Ltd.	521,230	11,918
Natco Pharma Ltd.	1,000,190	8,638
		30,255
Tobacco (2.1%)		
ITC Ltd.	1,725,902	9,401
Transportation Infrastructure (4.6%)		
Gateway Distriparks Ltd.	2,898,647	13,399
Gujarat Pipavav Port Ltd. (a)	3,062,788	7,431
		20,830
Water Utilities (0.8%)		
VA Tech Wabag Ltd.	411,872	3,622
TOTAL COMMON STOCKS (Cost \$295,555)		445,923
SHORT-TERM INVESTMENT (0.4%)		
Investment Company (0.4%)		
Morgan Stanley Institutional Liquidity Funds Government Portfolio Institutional Class (See Note E) (Cost \$1,888)	1,888,119	1,888
TOTAL INVESTMENTS (99.1%) (Cost \$297,443) (b)(c)		447,811
OTHER ASSETS IN EXCESS OF LIABILITIES (0.9%)		4,206
NET ASSETS (100.0%)		\$452,017

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

Morgan Stanley India Investment Fund, Inc.

June 30, 2016

Portfolio of Investments (unaudited) (cont'd)

(a) Non-income producing security.

(b) The approximate fair value and percentage of net assets, \$430,457,000 and 95.2%, respectively, represent the securities that have been fair valued under the fair valuation policy for international investments as described in Note A-1 within the Notes to the Financial Statements.

(c) At June 30, 2016, the aggregate cost for Federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is approximately \$165,177,000 and the aggregate gross unrealized depreciation is approximately \$14,809,000 resulting in net unrealized appreciation of approximately \$150,368,000.

Portfolio Composition

Classification	Percentage of Total Investments
Other*	29.5%
Banks	19.1
Information Technology Services	12.1
Machinery	10.2
Consumer Finance	9.8
Construction Materials	7.4
Pharmaceuticals	6.8
Construction & Engineering	5.1
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.**June 30, 2016**

Financial Statements

	June 30, 2016 (unaudited) (000)
Statement of Assets and Liabilities	
Assets:	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$295,555)	\$ 445,923
Investment in Security of Affiliated Issuer, at Value (Cost \$1,888)	1,888
Total Investments in Securities, at Value (Cost \$297,443)	447,811
Foreign Currency, at Value (Cost \$10,368)	10,318
Cash	27
Dividends Receivable	865
Receivable for Investments Sold	315
Receivable from Affiliate	@
Other Assets	42
Total Assets	459,378