

INDIA FUND INC
Form N-CSR
March 03, 2010

**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 811-08266

The India Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, NY 10017

(Name and address of agent for service)

Registrant's telephone number, including area code: 212-583-5000

Date of fiscal year end: December 31, 2009

Date of reporting period: December 31, 2009

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, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The India Fund, Inc.

February 25, 2010

Dear Fund Shareholder,

We are pleased to provide you with the audited financial statements of The India Fund, Inc. (the Fund) for the fiscal year ended December 31, 2009.

The Fund's net asset value (NAV) per share was \$32.78 on December 31, 2009, representing an increase of 88.6%, including the reinvestment of dividends, from the Fund's NAV per share on December 31, 2008, which was \$17.38. The Fund underperformed comparative indices such as the S&P/IFC Investable India (USD) Index* and the BSE-500 (USD) Index* which rose 95.1% and 99%, respectively, during the same period. The Fund's underperformance can be attributed largely to the July 2009 rights offering, as new shares were issued at a 5% discount to the Fund's existing NAV per share, resulting in dilution which negatively affected performance. In addition, in line with the prospectus, it took approximately two months to fully invest the net proceeds from the rights offering. The higher-than-normal cash position during this period contributed to the Fund's underperformance as the Indian market continued to rally strongly after the rights offering.

Global equity markets saw a remarkable recovery in 2009, fueled by an unprecedented fiscal and monetary stimulus effort that was coordinated by governments worldwide. Not surprisingly, emerging markets – the biggest losers in 2008 – were the year's biggest winners, as investors regained their risk appetite and valuations dropped back to levels not seen in over a decade. India was at the forefront of these gains, finishing the year as the second best performing market in Asia, and the fourth best performing emerging market overall, outperformed only by Indonesia, Brazil and Russia.

This extraordinary performance came despite the year's unpromising start as, initially, disappointing macro data seemed to reinforce investor skepticism that the efforts of governments and central banks would be enough to prevent a deep global recession. Fortunately, however, well-coordinated stimulus policies – in Asia alone totaling 350-500 basis points of interest rate cuts and US\$1 trillion in announced fiscal stimulus – eventually proved effective, as subsequent data releases showed the region's downturn moderating and in some cases, even stabilizing. While the largest policy response came from China, with its Rmb 4 trillion in announced fiscal stimulus, India also responded proactively, with three separate stimulus packages, while the Reserve Bank of India (RBI) slashed various interest rates by 300 - 400 basis points between October 2008 and January 2010.

Initially, the Indian stock market's rebound from its March trough followed a similar path as the rest of Asia. As the second quarter unfolded, however, investor concern began focusing on the country's May 2009 Parliamentary election, with the key worry being that there would be no decisive victory, resulting in a weak, fragmented coalition. However, somewhat surprisingly, the Indian National Congress (INC) led coalition, United Progressive Alliance, won 262 of the 543 seats (INC itself won 206 seats), paving the way for Prime Minister Manmohan Singh to pursue more aggressive structural reforms. Investors' euphoria

THE INDIA FUND, INC.

could be seen in the following day's trading session when the Sensex ended the day with a 17% gain. The May Parliamentary election was the single most important catalyst for India in 2009, and has clearly raised investor expectations that reform-oriented measures can be achieved. The key areas of focus are divestment of state-owned assets, easing of restrictions on foreign direct investment in sensitive sectors, pension fund liberalization, labor market reforms and the possible introduction of a goods & services tax.

On the domestic macro front, the March 2009 fiscal year gross domestic product (GDP) growth rate came in at 6.7% per annum, a disappointing result for India after it reported average GDP growth of 8.8% per annum for the previous five years. Nevertheless, subsequent events have shown that the initial cuts in growth forecasts were premature. With recession fears looming, the government early in the year announced a \$4 billion stimulus package in coordination with the RBI freeing up of \$4 billion in liquidity by cutting the cash reserve ratio (CRR), the repurchase rate and reverse repurchase rate. The 2009-2010 Budget provided a further impetus by lining up massive investment outlays for rural and urban infrastructure totaling more than \$20 billion. Together, all of these measures had a stronger, more immediate-than-expected impact, with year-over-year industrial production increasing from 0.3% growth in February 2009 to an average of 9.6% growth in the six months ended November 2009. At the same time, India's quarterly GDP growth accelerated from 5.8% in the first calendar quarter of 2009 to 6.1% in the second calendar quarter of 2009 and 7.9% in the third calendar of 2009. As a result, for the fiscal year ending March 31, 2010, GDP growth numbers were revised up to more than 7% after being downgraded to less than 6% just several months prior.

At the company level, Indian corporates have been quick to take advantage of the improving macro environment, restructuring their operations via cost-cutting and in many cases de-levering balance sheets. Although the secondary market saw \$17.5 billion of inflows in 2009 (vs. a \$12.7 billion outflow the previous year), an additional \$7 billion, or 40% of this amount, was raised by Indian corporates directly via qualified institutional placements, with the funds largely used to retire high-cost debt. Operationally, India's auto and consumer durable industries benefited from the stimulus efforts of the 6th Pay Commission, a government effort directed at raising salaries for government employees, including paying arrears accrued from January 2006 to September 2008. Nearly \$4 billion was paid out in 2009, which served as a catalyst for consumer spending, especially in rural areas.

While we believe India should continue to benefit from the global recovery as well as its own strong internal growth dynamics, we believe, there are growing concerns about rising inflationary pressures and the expanding fiscal deficit. Historically, India's overall fiscal deficit has always been high, averaging roughly 5% over the past 10 years. However, in the past year, given the projected outlay for infrastructure and rural employment incentives, this is forecasted to increase to 6.8% of GDP for the fiscal year ending March 31, 2010. A key solution to the expanding budget deficit would be to accelerate sales of state-owned assets. This is transpiring to a certain extent as roughly \$900 million has been raised over the past six months in two separate asset sales, with more government sales anticipated for the 2011 fiscal year.

A second concern remains steadily rising inflation. India's Wholesale Price Index, since registering a low of -1.0% in June 2009, had jumped to 7.3% by the end of the year and has continued to climb into 2010. In its most recent meeting, in January 2010, the RBI hiked the CRR by a greater-than-expected 75 basis

THE INDIA FUND, INC.

points to 5.75%, but left other rates unchanged. However, most investors believe it is only a matter of time before the more economically sensitive rates are also raised and other selective stimulus measures are rolled back. Unlike China, which is also moving proactively to normalize monetary conditions, we believe India's economy is experiencing negative real interest rates, and hence arguably there is even more urgency to take added steps to tighten, or normalize, monetary policy.

The macro overhangs notwithstanding, we believe Indian equities trade at a reasonably attractive valuation of 15x forward earnings, based on the IBES consensus earnings per share growth forecasts of 10.8% for the fiscal year ending March 31, 2010 and 14.4% for the fiscal year ending March 31, 2011. Within these broad, aggregate numbers, however, we expect there will be striking differences among industries and companies, based on their growth outlook, pricing power, and operating efficiency. In short, we believe it will be a year for bottom-up stock-picking, rather than just correctly forecasting the macro trend. We remain positive on India's long-term prospects given the reasonable current valuations, although the year 2010 could be more volatile due to earnings surprises and the normalization of monetary conditions.

On behalf of the Board of Directors, we thank you for your participation and continued support of the Fund. If you have any questions, please do not hesitate to visit our website at www.blackstone.com or call our toll-free number, 1-866-800-8933.

Sincerely,

Prakash Melwani
Director and President

* Please note that the S&P/IFC Investable India Index and BSE-500 Index are unmanaged indices. Investors cannot directly invest in any of these indices. The indices do not reflect transaction costs or manager fees.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. There is no guarantee that the Fund's or any other investment technique will be effective under all market conditions.

THE INDIA FUND, INC.

Fundamental Periodic Repurchase Policy

The Fund has adopted the following fundamental policy regarding periodic repurchases:

- a) The Fund will make offers to repurchase its shares at semi-annual intervals pursuant to Rule 23c-3 under the Investment Company Act of 1940, as amended from time to time (Offers). The Board of Directors may place such conditions and limitations on Offers as may be permitted under Rule 23c-3.
- b) 14 days prior to the last Friday of the Fund s first and third fiscal quarters, or the next business day if such Friday is not a business day, will be the deadline (the Repurchase Request Deadline) by which the Fund must receive repurchase requests submitted by stockholders in response to the most recent Offer.
- c) The date on which the repurchase price for shares is to be determined (the Repurchase Pricing Date) shall occur no later than the last Friday of the Fund s first and third fiscal quarters, or the next business day if such day is not a business day.
- d) Offers may be suspended or postponed under certain circumstances, as provided for in Rule 23c-3.

(For further details, see Note F to the Financial Statements.)

THE INDIA FUND, INC.

December 31, 2009

Schedule of Investments

INDIA (99.84% of holdings)

COMMON STOCKS (98.00% of holdings)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	India	97.84%		
	Beverages Alcoholic	0.29%		
165,580	United Spirits, Ltd.		\$ 2,939,334	\$ 4,479,395
			2,939,334	4,479,395
	Beverages Non-Alcoholic	0.15%		
117,877	Tata Tea, Ltd.		1,557,279	2,387,684
			1,557,279	2,387,684
	Building & Construction	4.35%		
307,590	B.L. Kashyap and Sons, Ltd.		2,878,912	3,021,038
2,348,170	Hindustan Construction Co., Ltd.		5,914,675	7,369,727
398,425	IRB Infrastructure Developers, Ltd.		2,078,886	2,095,081
891,805	IVRCL Infrastructures and Projects, Ltd.		3,821,364	6,718,002
8,277,072	Jaiprakash Associates, Ltd.		18,979,824	26,128,761
560,916	KEC International, Ltd.		4,084,278	7,068,856
1,009,324	Madhucon Projects, Ltd.		3,009,573	3,727,352
1,677,609	Nagarjuna Construction Co., Ltd.		1,957,527	5,973,564
567,734	Orbit Corporation, Ltd.		2,215,892	3,829,627
234,595	Titagarh Wagons, Ltd.		3,985,505	2,233,530
			48,926,436	68,165,538
	Building Residential/Commercial	0.25%		
748,582	Sobha Developers, Ltd.		4,154,544	3,966,109
			4,154,544	3,966,109
	Cement	0.58%		
73,059	Grasim Industries, Ltd.		2,670,172	3,889,938
808,040	Sagar Cements, Ltd.		3,467,591	2,989,236
114,670	UltraTech Cement, Ltd.		2,005,438	2,254,959

			8,143,201	9,134,133
	Chemicals	0.56%		
229,357	Tata Chemicals, Ltd.		772,594	1,588,027
1,937,084	United Phosphorus, Ltd.		6,065,073	7,238,829
			6,837,667	8,826,856
	Computer Integrated Systems	0.31%		
1,491,200	HCL Infosystems, Ltd.		4,961,792	4,904,441
			4,961,792	4,904,441

5

See accompanying notes to financial statements.

THE INDIA FUND, INC.**December 31, 2009**

Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	India (continued)			
	Computer Software & Programming	14.58%		
632,750	Everonn Education, Ltd.+		\$ 6,844,133	\$ 5,573,530
849,808	HCL Technologies, Ltd.		5,468,747	6,781,481
2,417,104	Infosys Technologies, Ltd.		39,859,602	135,320,946
22,600	Infosys Technologies, Ltd. ADR		999,358	1,249,102
2,030,873	KPIT Cummins Infosystems, Ltd.		1,787,620	5,549,060
191,633	Mphasis, Ltd.		1,518,932	2,981,049
98,662	Patni Computer Systems, Ltd.		383,928	1,027,539
309,896	Redington (India), Ltd.		2,095,040	2,066,750
1,116,225	Satyam Computer Services, Ltd. +		2,211,718	2,350,705
2,212,615	Tata Consultancy Services, Ltd.		20,821,720	35,648,611
1,973,168	Wipro, Ltd.		16,855,572	28,807,786
52,900	Wipro, Ltd. ADR		1,002,889	1,178,083
			99,849,259	228,534,642
	Consumer Non-Durables	1.73%		
5,039,214	ITC, Ltd.		15,214,212	27,164,217
			15,214,212	27,164,217
	Consumer Products	0.66%		
3,766,248	Marico, Ltd.		5,666,070	8,336,167
66,027	Titan Industries, Ltd.		1,161,330	2,017,701
			6,827,400	10,353,868
	Consumer Staples	1.13%		
1,075,725	Dabur India, Ltd.		2,786,613	3,674,363
2,465,971	Hindustan Unilever, Ltd.		11,387,546	14,029,565
			14,174,159	17,703,928

Edgar Filing: INDIA FUND INC - Form N-CSR

	Diversified Financial Services	1.57%		
2,605,992	Infrastructure Development Finance Co., Ltd.		4,310,146	8,632,506
2,020,373	Power Finance Corp.		6,151,336	11,335,971
155,831	Reliance Capital, Ltd.		1,607,994	2,869,989
1,040,000	SREI Infrastructure Finance, Ltd.		1,671,436	1,738,734
			13,740,912	24,577,200
	Diversified Operations	0.30%		
798,398	Sintex Industries, Ltd.		2,991,381	4,677,839
			2,991,381	4,677,839

6

See accompanying notes to financial statements.

THE INDIA FUND, INC.

December 31, 2009

Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	India (continued)			
	Electric Integrated	0.86%		
581,830	CESC, Ltd.		\$ 3,580,123	\$ 4,833,059
5,354,891	National Hydroelectric Power Corp., Ltd.+		3,930,538	3,918,213
1,925,757	PTC India, Ltd.		2,966,886	4,672,138
			10,477,547	13,423,410
	Electric Transmission	0.89%		
1,132,674	Crompton Greaves, Ltd.		8,492,314	10,365,300
1,480,004	Power Grid Corp. of India, Ltd.		3,028,231	3,501,632
			11,520,545	13,866,932
	Electronics & Electrical Equipment	8.10%		
162,170	Bharat Electronics, Ltd.		3,772,410	6,741,895
673,249	Bharat Heavy Electricals, Ltd.		8,774,690	34,810,453
2,695,955	Exide Industries, Ltd.		3,630,947	6,694,264
3,131,217	JSW Energy, Ltd. +		6,678,505	6,728,735
3,363,562	Jyoti Structures, Ltd.		5,517,148	12,490,029
848,041	Lanco Infratech, Ltd.+		3,436,999	10,530,579
3,239,260	NTPC, Ltd.		13,752,738	16,406,868
2,032,659	Punj Lloyd, Ltd.		10,260,905	8,956,629
427,757	Reliance Infrastructure, Ltd.		5,082,310	10,542,484
247,177	Siemens India, Ltd.		1,526,113	3,092,169
337,287	Tata Power Co., Ltd.		5,143,308	9,987,421
			67,576,073	126,981,526
	Energy Alternate Sources	0.18%		
781,946	Websol Energy Systems, Ltd.		3,247,755	2,821,290
			3,247,755	2,821,290

Edgar Filing: INDIA FUND INC - Form N-CSR

	Engineering	1.53%		
553,137	Larsen & Toubro, Ltd.		11,928,527	19,962,142
312,159	Thermax, Ltd.		184,069	4,080,841
			12,112,596	24,042,983
	Finance	15.40%		
686,225	Allahabad Bank , Ltd.		2,014,362	1,859,525
329,412	Axis Bank, Ltd.		2,654,342	6,998,811
1,346,539	Bank of Baroda		10,915,488	14,795,001
1,067,899	HDFC Bank, Ltd.		22,063,562	39,021,284
909,100	Housing Development Finance Corp., Ltd.		17,091,824	52,314,031
1,748,962	ICICI Bank, Ltd.		11,786,819	32,912,131
170,600	ICICI Bank, Ltd. ADR		5,457,677	6,433,326
2,106,806	IDBI Bank, Ltd.		5,613,314	5,770,118
840,798	Indian Bank		3,019,896	3,144,749

7

See accompanying notes to financial statements.

THE INDIA FUND, INC.**December 31, 2009**

Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
India (continued)				
Finance (concluded)				
854,436	Punjab National Bank, Ltd.		\$ 9,036,346	\$ 16,650,807
1,902,640	Rural Electrification Corp., Ltd.		7,875,090	9,955,793
3,401,439	South Indian Bank, Ltd.		4,224,867	10,876,418
690,126	State Bank of India		4,690,226	33,656,526
22,550	State Bank of India GDR		257,070	2,232,450
815,276	Yes Bank, Ltd.+		3,325,174	4,678,617
			110,026,057	241,299,587
Food 1.75%				
1,176,124	Bajaj Hindusthan, Ltd.		3,987,968	5,680,324
2,570,164	Balrampur Chini Mills, Ltd.		3,978,703	7,337,408
1,219,005	Lakshmi Energy and Foods, Ltd.		3,674,986	4,077,321
2,171,241	Shree Renuka Sugars, Ltd.		9,684,615	10,355,795
			21,326,272	27,450,848
Hotels & Leisure 0.35%				
2,302,254	Hotel Leelaventure, Ltd.		1,515,285	2,409,365
819,393	Indian Hotels Co., Ltd.		1,360,789	1,802,189
122,427	Mahindra Holidays & Resorts India, Ltd. +		929,680	1,213,615
			3,805,754	5,425,169
Information Technology 0.14%				
550,576	NIIT Technologies, Ltd.		2,074,784	2,128,476
			2,074,784	2,128,476
Investment Companies 0.29%				
345,130	Bajaj Holdings and Investment, Ltd.		3,401,527	4,598,643

			3,401,527	4,598,643
	Metal Aluminum	0.35%		
1,591,658	Hindalco Industries, Ltd.		4,528,697	5,498,206
			4,528,697	5,498,206
	Metal Diversified	2.77%		
605,662	Hindustan Zinc, Ltd.		7,348,234	15,787,429
1,354,376	Sterlite Industries (India), Ltd.		15,778,576	25,077,857
142,800	Sterlite Industries (India), Ltd. ADR		1,993,031	2,601,816
			25,119,841	43,467,102
	Motorcycle/Motor Scooter	0.56%		
232,442	Bajaj Auto, Ltd.		5,403,880	8,799,679
			5,403,880	8,799,679

8

See accompanying notes to financial statements.

THE INDIA FUND, INC.

December 31, 2009

Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	India (continued)			
	Oil & Gas	0.66%		
360,161	Oil India, Ltd.+		\$ 8,572,392	\$ 9,595,909
546,262	Reliance Natural Resources, Ltd.+		709,990	815,842
			9,282,382	10,411,751
	Petroleum Related	14.26%		
1,871,248	Cairn India, Ltd.+		6,204,120	11,315,551
1,542,362	GAIL India, Ltd.		10,293,037	13,691,839
785,501	Hindustan Petroleum Corp., Ltd.		4,648,959	6,594,934
1,535,513	Oil and Natural Gas Corp., Ltd.		23,391,301	38,855,557
6,539,725	Reliance Industries, Ltd.		52,720,962	153,097,162
			97,258,379	223,555,043
	Pharmaceuticals	4.50%		
269,183	Aurobindo Pharma, Ltd.		5,037,605	5,287,059
288,764	Cadila Healthcare, Ltd.		3,828,638	4,024,142
555,851	Cipla, Ltd.		2,096,799	4,008,673
398,577	Dr. Reddy s Laboratories, Ltd.		9,177,914	9,796,763
57,200	Dr. Reddy s Laboratories, Ltd. ADR		945,350	1,384,812
218,899	Glenmark Pharmaceuticals, Ltd.		1,140,830	1,293,590
978,691	Lupin, Ltd.		18,013,888	31,342,929
506,037	Piramal Healthcare, Ltd.		4,098,408	4,049,601
286,276	Sun Pharmaceutical Industries, Ltd.		3,585,617	9,271,442
			47,925,049	70,459,011
	Power & Energy	0.23%		
3,600,000	GVK Power & Infrastructure, Ltd.+		3,225,467	3,601,160
			3,225,467	3,601,160

Edgar Filing: INDIA FUND INC - Form N-CSR

	Publishing	1.08%		
600,000	Business India Publications (Preferential Shares)+		1,003,792	326,206
206,912	D. B. Corp., Ltd.+		940,005	942,631
5,289,238	Jagran Prakashan, Ltd.		10,922,569	15,588,675
			12,866,366	16,857,512
	Real Estate Operation/Development	1.11%		
646,000	Anant Raj Industries, Ltd.		1,994,238	1,851,168
180,819	DLF, Ltd.		1,355,322	1,403,304
1,106,942	Housing Development and Infrastructure, Ltd.+		4,912,750	8,578,890
1,154,678	Indiabulls Real Estate, Ltd.+		4,236,266	5,631,335
			12,498,576	17,464,697

9

See accompanying notes to financial statements.

THE INDIA FUND, INC.**December 31, 2009**

Schedule of Investments (continued)

COMMON STOCKS (continued)

NUMBER OF SHARES	SECURITY	PERCENT OF HOLDINGS	COST	VALUE
	India (continued)			
	Retail Jewelry	0.06%		
343,388	Gitanjali Gems, Ltd.		\$ 1,063,448	\$ 920,916
			1,063,448	920,916
	Retail Major Department Stores	0.13%		
250,000	Pantaloon Retail India, Ltd.		2,010,220	2,047,115
			2,010,220	2,047,115
	Shipbuilding	0.32%		
4,700,000	Pipavav Shipyard, Ltd.*+		9,488,959	4,939,873
			9,488,959	4,939,873
	Steel	4.87%		
2,482,820	Jindal Saw, Ltd.		5,824,083	10,033,186
2,511,782	Jindal Steel & Power, Ltd.		2,308,152	37,996,539
348,300	JSW Steel, Ltd.		4,194,444	7,579,370
1,134,224	Steel Authority of India, Ltd.		2,017,894	5,865,499
2,553,215	Welspun Gujarat Stahl Rohren, Ltd.		11,869,183	14,816,713
			26,213,756	76,291,307
	Telecommunications	2.37%		
3,752,010				