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INDIA FUND INC
Form 497
December 09, 2004

Filed Pursuant to Rule 497 (c)

PROSPECTUS

THE INDIA FUND, INC.

7,546,991 SHARES OF COMMON STOCK
ISSUABLE UPON EXERCISE OF NON-TRANSFERABLE
RIGHTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK

The India Fund, Inc. (the "Fund") is offering to its common stockholders of record as of December 17, 2004 non-transferable rights. These rights will allow you to subscribe for one share of common stock for each three rights held. You will receive one right for each whole share of common stock that you hold of record as of December 17, 2004. You need three rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than three rights. The rights will not be listed for trading on the New York Stock Exchange (the "NYSE") or any other exchange. The subscription price will be 95% of the net asset value per share as of the close of business on the expiration date of the offer.

THE OFFER WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON JANUARY 31, 2005, UNLESS EXTENDED TO NOT LATER THAN FEBRUARY 7, 2005 OR TERMINATED EARLY AS DESCRIBED HEREIN. The Fund announced the offer after the close of business on the NYSE on May 24, 2004. The net asset value per share at the close of business on May 21, 2004 and November 26, 2004 was \$20.82 and \$26.23, respectively. Because the expiration date and the date upon which the price of the rights will be determined will be the same date, stockholders who exercise their rights will not know the purchase price of the shares when they make their investment decision. Once you subscribe for shares and the Fund receives payment or a guarantee of payment, you will not be able to change your decision. If the market price of the Fund's common stock is below 95% of the net asset value per share, it may not be in your interest to participate in this offering.

The Fund is a closed-end investment company whose shares of common stock are listed and traded on the NYSE under the symbol "IFN" and whose primary investment goal is long-term capital appreciation by investing primarily in Indian equity securities. Under normal market conditions, at least 80% of the Fund's total assets are invested in the equity securities of Indian companies. The Fund operates under an interval fund structure pursuant to which it conducts semi-annual repurchase offers for between 5% and 25% of the Fund's outstanding common stock at prices equal to the net asset value of the Fund as of a specified date after the repurchase request deadline, with payment for tendered shares being distributed within one week thereafter. See "Semi-Annual Repurchases of Securities" and "Risk Factors--Risks Related to the Fund's Operations--The Fund's 'interval fund' structure involves certain risks and special considerations not typically associated with other closed-end funds" in this prospectus.

INVESTMENT IN THE FUND INVOLVES CERTAIN SPECIAL CONSIDERATIONS AND RISKS ARISING IN PART FROM THE FUND'S INVESTMENT IN SECURITIES OF INDIAN COMPANIES, WHICH ARE NOT INVOLVED IN INVESTMENTS IN SECURITIES OF U.S. COMPANIES OR CERTAIN OTHER NON-U.S. ISSUERS. THESE RISKS RELATE TO, AMONG OTHER THINGS, POLITICAL, SOCIAL AND ECONOMIC CONDITIONS IN INDIA, AND ARE DESCRIBED IN GREATER DETAIL ELSEWHERE IN THIS PROSPECTUS. THE FUND MAY ALSO INVEST IN DEBT OBLIGATIONS THAT MAY BE RATED BELOW INVESTMENT GRADE OR IN COMPARABLE DEBT OBLIGATIONS. DEBT

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OBLIGATIONS OF BELOW INVESTMENT GRADE QUALITY ARE REGARDED AS HAVING PREDOMINATELY SPECULATIVE CHARACTERISTICS WITH RESPECT TO CAPACITY TO PAY INTEREST AND REPAY PRINCIPAL AND ARE COMMONLY REFERRED TO AS "JUNK BONDS." THERE ARE SPECIAL RISKS AND CONSIDERATIONS ASSOCIATED WITH INVESTING IN SUCH HIGH YIELD/HIGH RISK DEBT OBLIGATIONS. YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT AND YOU SHOULD CAREFULLY CONSIDER THE "RISK FACTORS" BEGINNING ON PAGE 31 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THIS OFFER.

This prospectus contains important information you should know before investing. Please read it before you invest and keep it for future reference. A Statement of Additional Information dated December 9, 2004 containing additional information about the Fund has been filed with the Securities and Exchange Commission and legally forms a part of this prospectus. The table of contents of the Statement of Additional Information appears on page 67 of this prospectus. You may obtain a copy of the Statement of Additional Information without charge by contacting the Fund at (800) 421-4777.

Stockholders who do not fully exercise their rights will own a smaller proportional interest in the Fund. In addition, because the subscription price will be less than the net asset value per share, the offer will result in an immediate dilution of the net asset value per share for all stockholders. See "Risk Factors and Special Considerations at a Glance" on page 6 of this prospectus.

This prospectus sets forth concisely the information about the Fund that a prospective investor ought to know before investing. Investors are advised to read this prospectus and to retain it for future reference.

FOR INFORMATION REGARDING THE OFFER, CONTACT GEORGESON SHAREHOLDER COMMUNICATIONS INC., THE INFORMATION AGENT, AT (866) 297-1264.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	ESTIMATED PRICE TO PUBLIC (1)	ESTIMATED SALES LOAD	ESTIMATED PROCEEDS TO THE FUND (2) (3)
Per Share	\$ 24.92	None	\$ 24.87
Total	\$ 188,071,016	None	\$ 187,711,016

- (1) The estimated subscription price to the public is based upon 95% of the Fund's net asset value per share on November 26, 2004.
- (2) After deduction of expenses payable by the Fund, estimated at \$360,000.
- (3) If the Fund increases the number of shares subject to subscription by 25%, the total proceeds, after expenses, to the Fund will be approximately \$234,728,751.

The Fund may increase the number of shares of common stock subject to subscription by up to 25%, or up to an additional 1,886,747 shares, for an aggregate total of 9,433,738 shares.

The shares will be ready for delivery on or about February 25, 2005.

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The date of this prospectus is December 9, 2004.

TABLE OF CONTENTS

	PAGE
Prospectus Summary	1
Summary of Expenses	11
Financial Highlights	12
The Fund	14
Investment in India	14
The Offer	16
Use of Proceeds	23
Investment Objective and Policies	23
Additional Investment Activities	26
Investment Restrictions	29
Risk Factors	31
Management of the Fund.....	41
Control Persons and Principal Holders of Securities	46
Portfolio Transactions	46
Semi-Annual Repurchases of Securities	47
Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan	49
Taxation	50
Net Asset Value	58
Description of Capital Stock	59
Investment Management and Other Services	62
Custodians, Transfer Agent, Dividend Paying Agent and Registrar	66
Experts	66
Legal Matters	66
Enforceability of Civil Liabilities	66
Official Documents	66
Additional Information	66
Table of Contents of the Statement of Additional Information	67
Financial Statements	F-1
Appendix A: General Characteristics and Risks of Hedging	A-1
Appendix B: Republic of India	B-1
Appendix C: The Indian Securities Market	C-1

THE INFORMATION CONTAINED IN THIS PROSPECTUS SPEAKS ONLY AS OF THE DATE OF THIS PROSPECTUS UNLESS THE INFORMATION SPECIFICALLY INDICATES THAT ANOTHER DATE APPLIES. NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND.

In this prospectus and except as the context otherwise requires or indicates:

- o The "Fund" means The India Fund, Inc., a Maryland corporation.

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- o "Advantage" or "Investment Manager" means Advantage Advisers, Inc., a Delaware corporation.
- o "Imperial" or "Country Adviser" means Imperial Investment Advisers Private Limited, a company organized under the laws of India.

In this prospectus, unless otherwise indicated, all references to "U.S. dollars," "US\$," "dollars" and "\$" are to United States dollars, the lawful currency of the United States of America, and all reference to "rupees" and "Rs." are to Indian rupees. On November 26, 2004, the U.S. dollar value of the Indian rupee was Rs. 44.944 = US\$1.00, as reported in The Wall Street Journal on November 29, 2004.

i

FORWARD-LOOKING STATEMENTS

The Fund may not claim the safe harbor for forward-looking statements contained in the federal securities laws of the United States because that safe harbor does not apply to investment companies. Nevertheless, you should note that certain statements in this prospectus are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the Fund's actual results or level of performance to be materially different from any future results or level of performance expressed or implied by such forward-looking statements. Such factors include, among others, those listed under "Risk Factors," "Appendix B: Republic of India," "Appendix C: The Indian Securities Market" and elsewhere in this prospectus. As a result of these and other factors, the Fund cannot give you any assurances as to its future results or level of performance. To the extent required by law, the Fund undertakes to amend or reflect any material changes to it after the date of this prospectus.

ii

PROSPECTUS SUMMARY

YOU SHOULD READ THE ENTIRE PROSPECTUS, INCLUDING THE STATEMENT OF ADDITIONAL INFORMATION THAT LEGALLY FORMS PART OF THIS PROSPECTUS, BEFORE YOU DECIDE WHETHER TO EXERCISE YOUR RIGHTS. IN PARTICULAR, YOU SHOULD CAREFULLY READ THE RISKS OF INVESTING IN THE SHARES, AS DISCUSSED UNDER "RISK FACTORS."

THE OFFER AT A GLANCE

THE OFFER

The India Fund, Inc., or the Fund, is offering to its common stockholders of record as of December 17, 2004 non-transferable rights. These rights will allow you to subscribe for one share of common stock, par value \$.001 per share, for each three rights held. You will receive one right for each whole share of common stock that you hold of record as of December 17, 2004. You need three rights to purchase one share at the subscription price. The Fund will not issue fractional shares upon the exercise of less than three rights. The rights will not be listed for trading on the NYSE or any other exchange. Rights may be exercised at any time from December 17, 2004 through 5:00 p.m., Eastern Standard Time, on January 31, 2005, unless extended to not later than February 7, 2005 or

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terminated early as described herein. See "The Offer--Expiration, Extension and Early Termination of the Offer." Since the expiration date is prior to the pricing date, stockholders who exercise their rights will not know the subscription price at the time they exercise their rights. If the market price of the Fund's common stock is below 95% of the net asset value per share, it may not be in your interest to participate in this offering. Once you subscribe for shares and the Fund receives payment or a guarantee of payment, you will not be able to change your decision. In certain instances described below under "-- Over-Subscription Privilege," the Fund may increase the number of shares of common stock subject to subscription by up to 25% of the shares. We refer to any such additional shares as "additional shares." See "The Offer."

The Fund has not previously conducted a rights offering.

SUBSCRIPTION PRICE

The subscription price will be 95% of the net asset value per share as of the close of business on the expiration date of the offer. See "The Offer--Subscription Price."

OVER-SUBSCRIPTION PRIVILEGE

If you fully exercise all rights issued to you, you will be entitled to subscribe for additional shares that were not subscribed for by other stockholders. This is known as the "over-subscription privilege." If sufficient shares are available, all stockholders' over-subscription requests will be honored in full. If sufficient shares are not available to honor all requests for over-subscription, the Fund may increase the number of shares available by up to 25%, or 1,886,747 shares, in order to satisfy over-subscription requests. If the requests for additional shares exceed the shares available, the available shares, including any additional shares, will be allocated pro rata among stockholders who over-subscribe based on the number of rights originally issued to them by the Fund. See "The Offer--Over-Subscription Privilege."

HOW TO EXERCISE RIGHTS

Rights may be exercised by stockholders who fill in and sign the accompanying subscription certificate and mail it in the envelope provided or deliver the completed and signed subscription certificate to the subscription agent, together with any required payment for the shares as described below under "The Offer--Payment for Shares." Rights may also be exercised by a stockholder contacting his or her broker, bank or trust company, which can arrange, on the stockholder's behalf, to guarantee delivery, by using a notice of guaranteed delivery, of a properly completed and executed subscription certificate and payment for the shares. The broker, bank or trust company may charge a fee for this service. Stockholders who choose to exercise their rights will not know at the time of exercise the subscription price for shares being acquired and will be required initially to pay for such shares at the estimated subscription price of \$24.92 per share. Fractional shares will not be issued. Completed subscription certificates must be received by the subscription agent prior to 5:00 p.m., Eastern Standard Time, on the expiration date, which is January 31, 2005 (unless payment is to be effected by means of a notice of guaranteed delivery). See "The Offer--Payment for Shares."

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RIGHTS MAY NOT BE PURCHASED OR SOLD

You may not purchase or sell the rights, and they will not trade on any exchange. If you do not exercise your rights before the conclusion of this offer, your rights will expire without value.

RESTRICTIONS ON FOREIGN SHAREHOLDERS

The Fund will not mail subscription certificates to stockholders whose record addresses are outside the United States. PFPC Inc. will hold the rights to which subscription certificates relate for foreign stockholders accounts until instructions are received to exercise the rights. If no instructions are received prior to the expiration date, which is January 31, 2005, the rights will expire.

OBTAINING SUBSCRIPTION INFORMATION

If you have any questions or requests for assistance, please contact Georgeson Shareholder Communications Inc., the information agent, toll-free at (866) 297-1264. You may also call your broker or nominee for information with respect to this offer. See "The Offer--Information Agent" and "--Subscription Agent." Please note that the dates in the table may change if the offer is extended.

IMPORTANT DATES TO REMEMBER

EVENT	
Record Date	December
Subscription Period*	December 17, 200
Expiration Date*	January
Pricing Date*	January
Subscription Certificate and Payment for Shares or Notice of Guaranteed Delivery Due*	January
Subscription Certificate and Payment for Shares Due for Those Using Notice of Guaranteed Delivery*	Februa
Confirmation to Participants*	Februa
Final Payment for Shares*	Februa

* Unless extended or terminated early as described herein.

TAX CONSEQUENCES

For federal income tax purposes, neither the receipt nor the exercise of the rights will result in taxable income to you. You will not realize a taxable loss if your rights expire without being exercised. See "The Offer--United States Federal Income Tax Consequences of the Offer."

USE OF PROCEEDS

We estimate the net proceeds of this offer to be approximately \$187,711,016. If the Fund increases the number of shares subject to subscription by 25%, then the total net proceeds of the offer will be approximately \$234,728,751. These figures assume (i) all rights are exercised in full, (ii) a subscription price of \$24.92 and (iii) payment of offering expenses of approximately \$360,000.

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The Fund anticipates that investment of the net proceeds of this offer in accordance with the Fund's investment goal and policies may take up to six months from their receipt by the Fund, depending on market conditions and the availability of appropriate securities. The Fund may require up to six months due to the Fund's need to invest substantially all of its assets in the securities of issuers organized under the laws of a foreign jurisdiction. See "Use of Proceeds" and "Risk Factors--Risks Related to the Fund's Operations."

2

THE FUND AT A GLANCE

THE FUND

The Fund is a Maryland corporation organized on December 27, 1993 and is a non-diversified, closed-end management investment company. As of November 26, 2004, the net assets of the Fund were approximately \$593.9 million. Assuming that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the net assets of the Fund would be approximately \$828.6 million.

INVESTMENT IN INDIA

The Fund's investment objective and policies reflect the Investment Manager's opinion that economic and political developments and changes in the last several years have well positioned India to experience a period of significant economic growth. The Investment Manager believes that India should continue to grow as an economic force and that investment in its securities market offers significant potential returns. For a detailed description of India and its securities market, see "Appendix B: Republic of India" and "Appendix C: The Indian Securities Market."

The Fund invests in India pursuant to the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, which we refer to as the "FII Regulations" and which were established by the Securities and Exchange Board of India ("SEBI") to regulate investment by foreign institutional investors in Indian securities. The FII Regulations allow direct investment in Indian securities by registered foreign institutional investors or their clients, also known as "sub-accounts." Under the FII regulations, the Fund invests in India as a sub-account of the Investment Manager, which is registered with SEBI as a foreign institutional investor. The Investment Manager in its capacity as a foreign institutional investor acts on behalf of the Fund and other approved clients. The Fund's investments are held in the Fund's name through the Fund's custodian, Deutsche Bank AG. See "Risk Factors--Risks Related to the Fund's Operations" and "Investment in India."

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is long-term capital appreciation by investing primarily in the equity securities of Indian companies. Under normal market conditions, at least 80% of the Fund's total assets are invested in equity securities of Indian companies. Equity securities include common and preferred stock (including convertible preferred stock), American, global or other types of depositary receipts, convertible bonds, notes and debentures, equity interests in trusts, partnerships, joint ventures or similar enterprises and common stock purchase warrants and rights. Most of the equity securities

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purchased by the Fund are traded on an Indian or other foreign stock exchange or over-the-counter market. However, the Fund may invest to a limited extent in securities that are not publicly traded and in investment funds that invest at least 80% of their total assets in the equity securities of Indian companies in which the Fund is authorized to invest. The Fund invests in such investment funds when the Investment Manager believes that such investments may be more advantageous to the Fund than a direct market purchase of such securities. For temporary defensive purposes, the Fund may invest without limitation in temporary investments. No assurance can be given that the Fund's investment objective will be realized. See "Investment Objective and Policies" and "Risk Factors--Risks Related to the Fund's Operations."

Indian companies include companies that:

- o are organized under the laws of India;
- o regardless of where organized, derive at least 50% of their revenues from goods produced or sold, investments made, or services performed, in India, or have at least 50% of their assets in India; or
- o have securities which are traded principally on any Indian stock exchange or in the Indian over-the-counter market.

See "Investment Objective and Policies--Portfolio Structure" for other eligible investments.

3

Up to 20% of the Fund's total assets may be invested, subject to certain restrictions, in:

- o equity securities of companies (other than companies meeting the definition of Indian companies), regardless of where organized, which the Investment Manager and the Country Adviser believe derive, or will derive, at least 25% of their revenues from business in or with India, or have at least 25% of their assets in India;
- o debt securities denominated in Indian rupees or issued or guaranteed by an Indian company, the Government of India or an Indian governmental entity; and
- o short-term debt securities of the type described under "Investment Objective and Policies--Temporary Investments."

Up to 20% of the Fund's total assets may also be utilized to purchase and sell options on securities, financial futures, fixed income indices and other financial futures contracts, enter into interest rate transactions and to enter into currency transactions, sell securities short and loan portfolio securities. The Fund will only invest in such assets in order to hedge against financial risks. The Fund will not be obligated, however, to do any hedging and makes no representation as to the availability of these techniques at this time or at any time in the future. See "Risk Factors--Risks Related to the Fund's Operations," "--The Fund's ability to successfully hedge against financial risks may adversely affect the Fund's net asset value" and "Additional Investment

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Activities--Hedging."

The Fund's assets may be invested in debt securities (other than temporary investments) when the Investment Manager believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such securities offer opportunities for long-term capital appreciation.

See "Risk Factors--Risks Related to the Fund's Operations."

LISTING

The Fund's common stock is listed and traded on the NYSE under the symbol "IFN."

DIVIDENDS AND DISTRIBUTIONS

The Fund distributes annually to holders of common stock substantially all of its net investment income and distributes any net realized capital gains at least annually.

Under the Fund's dividend reinvestment and cash purchase plan, all dividends and distributions are automatically reinvested in additional shares of common stock of the Fund unless a stockholder elects to receive cash. Participants also have the option of making additional cash payments, annually, to be used to acquire additional shares of common stock of the Fund in the open market. Stockholders whose shares are held in the name of a broker or nominee should contact such broker or nominee to confirm that they are able to participate in the plan. See "Dividends and Distributions; Dividend Reinvestment and Cash Purchase Plan."

SEMI-ANNUAL SHARE REPURCHASES

In April 2003, stockholders of the Fund voted to adopt an interval fund structure, pursuant to which the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund's outstanding common stock. Pursuant to this policy, the Fund has conducted three repurchase offers of up to 15%, 5% and 5%, respectively, of its outstanding common stock. See "Semi-Annual Repurchases of Securities."

INVESTMENT MANAGER AND COUNTRY ADVISER

The Investment Manager is Advantage Advisers, Inc., a wholly owned subsidiary of Oppenheimer Asset Management Inc., which is an affiliate of Oppenheimer & Co. Inc., the Fund's administrator. For more information on the Investment Manager, see "Investment Management and Other Services--Investment Manager."

4

The Country Adviser is Imperial Investment Advisors Private Limited, which is a 99%-owned subsidiary of Advantage India, Inc., which is wholly owned by Oppenheimer & Co. Inc. For more information on the Country Adviser, see "Investment Management and Other Services--Country Adviser."

Under the existing management agreement, the Fund pays the Investment Manager a monthly fee at an annual rate of 1.10% of the Fund's average weekly net assets for its services, and, under the existing country advisory agreement,

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the Investment Manager pays the Country Adviser a monthly fee at an annual rate of 0.10% of the Fund's average weekly net assets.

Because the Investment Manager and the Country Adviser receive fees based on net assets, they will benefit from the increase in assets that will result from this offer.

Pursuant to an amended and restated management agreement that will become effective upon the consummation of this offer, the Investment Manager has agreed to lower its fee upon the consummation of this offer to a rate of 0.95% of the Fund's average weekly net assets on any assets in excess of \$600 million. See "The Offer--Purposes of the Offer" and "Investment Management and Other Services--Investment Manager." It is not possible to state precisely the amount of additional compensation that the Investment Manager and the Country Adviser might receive as a result of this offer because it is not known how many shares will be subscribed for and because the proceeds of this offer will be invested in additional portfolio securities, which will fluctuate in value. However, assuming that the value of the Fund's assets remained constant prior to the offer at \$593.9 million (its approximate value as of November 26, 2004) and after the offer at \$828.6 million (which assumes that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege), the annual compensation received by the Investment Manager and the Country Adviser would be increased by approximately \$2.2 million and \$234,700, respectively.

The advisory fees paid by the Fund are higher than those paid by most other investment companies that invest predominantly in the securities of U.S. companies, primarily due to the additional time and expense required of the Investment Manager and the Country Adviser in pursuing the Fund's objective, which is long-term capital appreciation by investing primarily in the equity securities of Indian companies.

FUND ADMINISTRATORS

Oppenheimer & Co. Inc. serves as the Fund's administrator. The Fund pays Oppenheimer & Co. Inc. a monthly fee at an annual rate of 0.20% of the Fund's average monthly net assets for its services. Because the Fund administrator receives fees based on net assets, it will benefit from the increase in assets that will result from this offer. Oppenheimer & Co. Inc. subcontracts certain of its services to PFPC Inc. Assuming that the value of the Fund's assets remained constant prior to the offer at \$593.9 million (its approximate value as of November 26, 2004) and after the offer at \$828.6 million (which assumes that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege), the annual compensation received by the Fund's administrator would be increased by approximately \$469,400.

Multiconsult Ltd. serves as the Fund's Mauritius administrator. The Fund pays Multiconsult Ltd. a monthly fee of \$1,500 for its services and a quarterly fee of \$1,000 for its calculation of net asset value. The Fund also reimburses Multiconsult Ltd. for all reasonable out-of-pocket expenses reasonably incurred by it in the performance of its duties.

See "Investment Management and Other Services--Administrator" and "Investment Management and Other Services--Mauritian Administrator."

CUSTODIAN, TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

Deutsche Bank AG is custodian of the assets of the Fund. Deutsche Bank (Mauritius) Limited acts as custodian of the cash assets of the Fund. PFPC Inc. acts as transfer agent, dividend paying agent and registrar for the Fund.

RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS THE OTHER INFORMATION IN THIS PROSPECTUS, BEFORE MAKING AN INVESTMENT IN THE FUND UNDER THIS OFFER.

AS A RESULT OF THIS OFFER, YOU WILL INCUR IMMEDIATE ECONOMIC DILUTION, AND, IF YOU DO NOT EXERCISE ALL OF YOUR RIGHTS, YOU MAY INCUR VOTING DILUTION.

You should expect that you will, at the completion of this offer, experience immediate dilution of net asset value per share because the subscription price will be less than the net asset value per share, and the number of shares outstanding after the offer will have increased proportionately more than the increase in the size of the Fund's net assets. This dilution of net asset value will disproportionately affect stockholders who do not exercise their rights. In addition, whether or not you exercise your rights, you will experience a dilution of net asset value because you will indirectly bear the expenses of this offer, which include, among other items, SEC registration fees, state "blue sky" qualification fees, printing expenses and the fees assessed by service providers (including the cost of the Fund's counsel and accountants). We cannot state precisely the amount of any decrease because we do not know at this time how many shares will be subscribed for or what the net asset value per share will be at the pricing date. For example, assuming (i) a net asset value of \$593.9 million (the Fund's approximate net asset value on November 26, 2004), (ii) a subscription price of \$24.92 (which is 95% of the Fund's approximate net asset value per share on November 26, 2004) and (iii) that all rights are exercised at the estimated subscription price, including the additional shares that may be issued under the over-subscription privilege, the Fund's net asset value per share (after payment of estimated expenses) would be reduced by approximately \$0.40 per share. As of November 26, 2004, the Fund's net asset value per share was \$26.23.

In addition to the economic dilution described above, if you do not exercise all of your rights, you may also incur voting dilution as a result of this offer. This voting dilution may occur because you could own a smaller interest in the Fund after the offer than you owned prior to the offer. If you do not submit a subscription request pursuant to the over-subscription privilege, you may also experience dilution in your Fund ownership if the Fund offers additional shares for subscription.

See "The Offer--Dilution" and "Risk Factors--Risks Relating to the Offer--As a result of this offer, you will incur immediate economic dilution, and, if you do not exercise all of your rights, you may incur voting dilution."

YOU MAY LOSE MONEY BY INVESTING IN THE FUND, INCLUDING THE POSSIBILITY THAT YOU MAY LOSE ALL OF YOUR INVESTMENT.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation or any other governmental agency.

Among the principal risks of investing in the Fund is market risk, which is the risk that the value of your investment may fluctuate as stock markets fluctuate.

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As an investment company that primarily holds common stocks, the Fund's portfolio is subject to the possibility that common stock prices will decline over short or even extended periods. The Fund may remain substantially fully invested during periods when stock prices generally rise and also during periods when they generally decline. Risks are inherent in investments in equities, and Fund stockholders should be able to tolerate significant fluctuations in the value of their investment in the Fund.

In addition, the Fund may invest up to 20% of its assets in debt securities whose value will tend to decrease as interest rates rise. Interest rates are at historical lows and, accordingly, it is likely that they will increase over time.

The Fund is intended to be a long-term investment vehicle and is not designed to provide investors with a means of speculating on short-term stock market movements. Investors should not consider the Fund a complete investment program. See "Risk Factors--Risks Related to the Offer--You may lose money by investing in the Fund, including the possibility that you may lose all of your investment."

6

THE FUND'S "INTERVAL FUND" STRUCTURE INVOLVES CERTAIN RISKS AND SPECIAL CONSIDERATIONS NOT TYPICALLY ASSOCIATED WITH OTHER CLOSED-END FUNDS.

In April 2003, the Fund's stockholders voted to adopt an interval fund structure whereby the Fund conducts semi-annual repurchase offers for between 5% and 25% of the Fund's outstanding common stock. The Fund's required semi-annual repurchases are likely to continually decrease the overall size of the Fund which could over time:

- o harm investment performance in part by limiting the extent to which the Fund may invest in illiquid securities;
- o increase the Fund's expense ratio as the Fund's assets decrease;
- o threaten the Fund's continued listing on the NYSE, and, consequently, the liquidity of its shares; and
- o jeopardize the Fund's viability and continued existence.

Moreover, there are additional risks associated with the Fund's repurchase offers, including the risk that:

- o if the repurchase offer is over-subscribed, stockholders may be unable to liquidate all or a given percentage of their investment at net asset value during the repurchase offer;
- o due to the potential for pro-ration if the repurchase offer is over-subscribed, some investors may tender more shares than they wish to have repurchased in order to ensure the repurchase of a specific number of shares;
- o the repurchase offer may not eliminate any discount at which the Fund's shares trade;
- o because the Fund expects to liquidate portfolio securities in order

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to fund repurchase offers, the need to sell such securities may in turn affect the market for such securities and accordingly diminish the value of the Fund's investments; and

- o share values may decrease as a result of currency fluctuations between the date of tender and the repurchase pricing date.

See "Risk Factors--Risks Related to the Fund's Operations--The Fund's 'interval fund' structure involves certain risks and special considerations not typically associated with other closed-end funds" and "Semi-Annual Repurchases of Securities."

INVESTING IN INDIA INVOLVES CERTAIN RISKS AND SPECIAL CONSIDERATIONS NOT TYPICALLY ASSOCIATED WITH INVESTING IN U.S. COMPANIES.

Investing in Indian equity securities involves certain risks and special considerations not typically associated with investing in the securities of established U.S. companies, including:

- o greater political, economic and social uncertainty;
- o significantly greater price volatility, substantially less liquidity and much smaller market capitalization of securities markets;
- o less developed corporate disclosure and governance standards;
- o greater difficulty in enforcing judgments;
- o restrictions on foreign investment and repatriation of capital;
- o exchange control regulations;
- o currency exchange rate fluctuations, which may increase the costs associated with conversion of investment principal and income from one currency to another;
- o higher rates of inflation; and
- o greater governmental involvement in the economy.

These risks are described in more detail under "Risk Factors--Risks Related to the Fund's Operations--political, economic, social and other factors in India may adversely affect the Fund's performance," "--Indian securities markets are substantially smaller, less liquid and more volatile than securities markets in the United States," "--India has different corporate disclosure, governance and regulatory requirements than you may be familiar with in the United States," "--The Fund may have difficulty enforcing foreign judgments against Indian companies or their management," "--Indian investment restrictions applicable to the Fund may hinder its ability to invest in certain companies or industries," "--Foreign currency fluctuations could adversely affect the Fund's performance," "--The liquidation of investments, if required, may have an adverse impact on the Fund's performance," "--Exchange controls in India may restrict the Fund's ability to repatriate investment" and "--Investments in unseasoned and small and mid-capitalization Indian companies may expose the Fund to greater investment risk."

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THE EXTENT TO WHICH THE FUND INVESTS IN HIGH YIELD/HIGH RISK AND UNRATED DEBT MAY ADVERSELY AFFECT THE FUND'S PERFORMANCE.

The Fund has not established any rating criteria for the debt securities in which it may invest. Securities rated in medium to low rating categories of nationally recognized statistical rating organizations and unrated securities of comparable credit quality, or "high yield/high risk securities," are speculative with respect to the capacity to pay interest and repay principal in accordance with the terms of the security and generally involve a greater volatility of price than securities in higher-rated categories. These securities are commonly referred to as "junk bonds." The value of Indian debt securities held by the Fund may be expected to vary inversely in relation to fluctuations in interest rates in India. See "Risk Factors--Risks Related to the Fund's Operations--The extent to which the Fund invests in high yield/high risk and unrated debt may adversely affect the Fund's performance."

THE FUND'S INVESTMENTS IN ILLIQUID SECURITIES MAY RESTRICT ITS ABILITY TO DISPOSE OF ITS INVESTMENTS IN A TIMELY FASHION AND AT A PRICE APPROXIMATING THE VALUE AT WHICH THE FUND CARRIES THE SECURITIES ON ITS BOOKS.

The Fund may invest up to 20% of its total assets in illiquid securities, for which there may be no or only a limited trading market and for which a low trading volume of a particular security may result in abrupt and erratic price movements. The Fund may encounter substantial delays and could incur losses in attempting to resell illiquid securities. See "Additional Investment Activities" and "Risk Factors--Risks Related to the Fund's Operations--The Fund's investments in illiquid securities may restrict its ability to dispose of its investments in a timely fashion and at a price approximating the value at which the Fund carries the securities on its books."

THE CONCENTRATION OF THE FUND'S INVESTMENTS IN SPECIFIC ECONOMIC SECTORS AND RELATED INDUSTRIES MAY EXPOSE IT TO GREATER RISK OF LOSS WITH RESPECT TO ITS PORTFOLIO SECURITIES.

From time to time, the Fund may invest a greater proportion of its assets in the securities of companies that are part of specific sectors and related industries of the Indian economy. For example, at March 31, 2004, the Fund maintained 20.3% of its total assets in the securities of Indian companies in the petroleum sector and related industries. The Fund is therefore subject to greater risk of loss with respect to its portfolio securities as a result of its concentration in such sectors and related industries. See "Risk Factors--Risks Related to the Fund's Operations--The concentration of the Fund's investments in specific economic sectors and related industries may expose it to greater risk of loss with respect to its portfolio securities."

THE FUND'S ABILITY TO SUCCESSFULLY HEDGE AGAINST FINANCIAL RISKS MAY ADVERSELY AFFECT THE FUND'S NET ASSET VALUE.

The Fund may purchase and sell options on securities, financial futures, fixed income indices and other financial instruments, enter into financial futures contracts, enter into interest rate transactions, enter into currency transactions, enter into equity swaps and related transactions, enter into securities transactions on a when-issued or delayed delivery basis, enter into repurchase agreements, sell securities short and lend portfolio securities. Hedging involves special risks, including possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager's view as to certain market movements is incorrect, the risks that the use of hedging could result in losses greater than if they had not been used. The extent to which the Fund can engage in such investment practices in India may be limited. See "Additional Investment Activities," "Investment Objective and Policies--Other Investments" "Risk Factors--Risks Related to the Fund's

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Operations--The Fund's ability to successfully hedge against financial risks may adversely affect the Fund's net asset value" and "Appendix A: General Characteristics and Risks of Hedging."

8

THE EXTENT TO WHICH THE FUND UTILIZES LEVERAGE TO HEDGE AGAINST FINANCIAL RISKS MAY INCREASE ITS EXPENSES AND ADVERSELY AFFECT THE FUND'S PERFORMANCE.

Although the Fund has no present intention to do so to any significant extent, the Fund may utilize leverage by borrowing or by issuing preferred stock or short-term debt securities in an amount up to 25% of the Fund's total assets. Leverage by the Fund creates an opportunity for increased return but, at the same time, creates special risks. For example, leverage may exaggerate changes in the net asset value of the Fund's common stock and in the return on the Fund's portfolio. Although the principal of any leverage will be fixed, the Fund's assets may change in value during the time the leverage is outstanding. Leverage will create expenses for the Fund that can, during any period, exceed the income from the assets acquired with the proceeds of the leverage. Furthermore, an increase in interest rates could reduce or eliminate the benefits of leverage and could reduce the value of the Fund's securities. The Fund may also borrow by entering into reverse repurchase agreements, which will subject the Fund to additional market risk, as well as credit risk with respect to the buyer of the securities under such an agreement. See "Risk Factors--Risks Related to the Fund's Operations--The extent to which the Fund utilizes leverage to hedge against financial risks may increase its expenses and adversely affect the Fund's performance."

A CHANGE IN THE FUND'S TAX STATUS COULD ADVERSELY AFFECT THE FUND'S RETURN ON ITS INVESTMENTS.

The Fund currently operates through a branch in the Republic of Mauritius to take advantage of favorable tax treatment by the Indian government pursuant to a taxation treaty between India and Mauritius. Recently, the Supreme Court of India upheld the validity of this tax treaty in response to a lower court challenge contesting the treaty's applicability to entities such as the Fund. Any change in the provision of this treaty or in its applicability to the Fund could result in the imposition of withholding and other taxes on the Fund by India, which would reduce the return to the Fund on its investments.

The Fund has historically elected and intends to continue to elect to "pass-through" to the Fund's stockholders as a deduction or credit the amount of foreign taxes paid by the Fund. The taxes passed through to stockholders are included in each stockholder's income. Certain stockholders, including some non-U.S. stockholders, are not entitled to the benefit of a deduction or credit with respect to foreign taxes paid by the Fund. Other foreign taxes, such as transfer taxes, may be imposed on the Fund, but would not give rise to a credit, or be eligible to be passed through to stockholders. See "Risk Factors--Risks Related to the Fund's Operations--A change in the Fund's tax status could adversely affect the Fund's return on its investments," "Taxation--U.S. Stockholders" and "Taxation--Mauritian Tax Status."

THE FUND'S SHARES HAVE TRADED AND MAY IN THE FUTURE TRADE AT A DISCOUNT TO NET ASSET VALUE.

Although the Fund's shares of common stock have recently traded on the NYSE at a premium to their net asset value, the Fund's shares have in the past

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traded at a discount to their net asset value. There can also be no assurance that the Fund's shares will trade at a premium in the future or that the present premium is sustainable. The Fund's shares have traded at discounts of as much as 40% in the past five years.

In addition, you should note that shares of closed-end investment companies frequently trade at a discount from net asset value. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value will decrease as a result of its investment activities. The Fund cannot predict whether its shares will trade at, above or below net asset value. The Fund is intended primarily for long-term investors and should not be considered as a vehicle for trading purposes. See "Risk Factors--Risks Related to the Fund's Operations--The Fund's shares have traded and may trade in the future at a discount to net asset value."

THE FUND'S STATUS AS A "NON-DIVERSIFIED" INVESTMENT COMPANY MAY EXPOSE IT TO GREATER RISK OF LOSS WITH RESPECT TO ITS PORTFOLIO SECURITIES.

The Fund is classified as a "non-diversified" investment company under the U.S. Investment Company Act of 1940, which means that the Fund is not limited in the proportion of its assets that may be invested in the securities of a single issuer. However, the Fund complies and intends to continue to comply with the diversification requirements imposed by the U.S. Internal Revenue Code of 1986 for qualification as a regulated investment company. As a non-diversified investment company, the Fund may invest a greater proportion of its assets in the securities of a smaller

9

number of issuers and, as a result, is subject to greater risk of loss with respect to its portfolio securities. See "Risk Factors--Risks Related to the Fund's Operations--The Fund's status as a 'non-diversified' investment company may expose it to greater risk of loss with respect to its portfolio securities" and "Taxation--The Fund."

THERE ARE NO FIXED LIMITATIONS REGARDING PORTFOLIO TURNOVER.

Frequency of portfolio turnover is not a limiting factor if the Fund considers it advantageous to purchase or sell securities. The Fund anticipates that its annual portfolio turnover rate will not exceed 150%. For the year ended December 31, 2003, the Fund's portfolio turnover rate was 33.89%. A high rate of portfolio turnover involves correspondingly greater aggregate payments for brokerage commissions than a lower rate, which expenses must be borne by the Fund and its stockholders, while a lower rate of portfolio turnover involves correspondingly lower aggregate payments and stockholder expenses. See "Risk Factors--Risks Related to the Fund's Operations--There are no fixed limitations regarding portfolio turnover."

THE ANTI-TAKEOVER PROVISIONS IN THE FUND'S ARTICLES OF AMENDMENT AND RESTATEMENT AND AMENDED AND RESTATED BY-LAWS MAY LIMIT YOUR ABILITY TO SELL YOUR SHARES AT A PREMIUM.

The Fund's articles of amendment and restatement and amended and restated by-laws contain certain anti-takeover provisions that, among other things, may have the effect of inhibiting the Fund's possible conversion to open-end status and delaying or limiting the ability of other persons to acquire control of the Fund. In certain circumstances, these provisions may also inhibit the ability of

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holders of common stock to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. The Fund's board of directors has determined that these provisions are in the best interests of stockholders generally. See "Risk Factors--Risks Related to the Fund's Operations--The anti-takeover provisions in the Fund's articles of amendment and restatement and amended and restated by-laws may limit your ability to sell your shares at a premium."

THE OPERATING EXPENSES OF THE FUND ARE HIGHER THAN INVESTMENT COMPANIES THAT INVEST PRIMARILY IN THE SECURITIES OF U.S. COMPANIES.

The Fund's estimated annual operating expenses are higher than those of most other investment companies that invest predominately in the securities of U.S. companies, primarily because of the additional time and expense required of the Investment Manager and the Country Adviser in pursuing the Fund's objective of long-term capital appreciation through investing in equity securities of Indian Companies. Investments in Indian equity securities require additional time and expense because the available public information regarding such securities is more limited in comparison to, and not as comprehensive as, the information available for U.S. equity securities. In addition, brokerage commissions, custodial fees and other fees are generally higher for investments in foreign securities markets. As a result of these higher expected operating expenses, the Fund needs to generate higher relative returns to provide investors with an equivalent economic return. See "Risk Factors--Risks Related to the Fund's Operations--The operating expenses of the Fund are higher than investment companies that invest primarily in the securities of U.S. companies."

FUTURE MARKET DISRUPTIONS RESULTING FROM TERRORIST ATTACKS IN THE UNITED STATES AND ELSEWHERE OR U.S. MILITARY ACTION ABROAD COULD NEGATIVELY AND ADVERSELY AFFECT THE MARKET FOR THE FUND'S COMMON STOCK.

As a result of the terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001, some of the U.S. securities markets were closed for a four-day period. These terrorist attacks and related events have led to increased short-term market volatility. Moreover, the ongoing U.S. military and related action in Iraq and other events in the Middle East could have significant adverse effects on U.S. and world economies and markets. The Fund does not know how long the securities markets will continue to be affected by these and other geopolitical events and cannot predict the effects of military action or similar events in the future on the U.S. economy and securities markets. A similar disruption of the U.S. or world financial markets could affect interest rates, secondary trading, ratings, credit risk, inflation and other factors relating to the Fund's common stock. See "Risk Factors--Risks Related to the Fund's Operations--Future market disruptions resulting from terrorist attacks in the United States and elsewhere or U.S. military action abroad could negatively and adversely affect the market for the Fund's common stock."

SUMMARY OF EXPENSES

Stockholder transaction expenses	
Sales load	
Dividend reinvestment and cash purchase plan fees	
Repurchase offer fees	
Offering Costs (1).....	

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Annual expenses (as a percentage of average net assets attributable to common stock)

Management fees (2)	1
Interest payments in borrowed funds	N
Other expenses (3)	0
Total annual expenses (3)	1

* Participants in the Fund's dividend reinvestment and cash purchase plan pay only transaction-based charges. Actual costs will vary for each participa