



Investment Report - October 2008

INDIA
EQUITIES FUND LTD
ASX Code: INE

Fund Profile

Investment objective	Long-term capital growth by investing mainly in equity securities of listed Indian companies	
Investment time frame	Long term	
Inception date	5 April 2007	
Benchmark indices (A\$)	20% Absolute Return and BSE 200 Index	
NTA per share* - 31 Oct	A\$0.66	-14.9%
NTA per share* - 30 Sep	A\$0.77	

* Net Tangible Assets (NTA) per share (before tax) is unaudited and has been calculated in accordance with the requirements of the ASX Listing Rules.

Portfolio Review

At 31 October the portfolio value was approximately \$49.3 million and consisted of 38 stocks. Equities made up 77.2% of the portfolio value. During the month, five stocks were removed from, and one stock was added to, the portfolio.

Portfolio composition remains weighted towards the industrials, financial services and energy sectors reflecting the investment manager's long term outlook for opportunities in these sectors. Exposure to materials companies was reduced based on the outlook for this sector. Large and mid cap exposures were decreased to 71.5% and 4.8% respectively. Cash, cash equivalents and derivatives rose to 22.8% during the month.

The information technology sector was one of the best performing sectors for the month. Top portfolio stocks in the information technology sector (Infosys and Satyam) and consumer staples sector (Hindustan Unilever and ITC) outperformed the BSE 200 Index.

Holdings in the industrials sector (Larsen & Toubro) and energy sector (ONGC) underperformed the BSE 200 Index.

The portfolio value benefited from a depreciating Australian Dollar.

Top 10 Holdings

Security Name	Sector	Mkt Cap A\$ Bn	Holding	% of Portfolio
Reliance Industries	Energy	66.0	—	7.7
Bharti Airtel	Telecom	37.8	↑	5.8
Infosys Technologies	Info Tech	24.2	—	5.1
ITC	Cons Stpl	17.8	↓	4.1
Oil and Natural Gas Corp	Energy	43.6	—	3.6
HDFC	Financials	15.3	↓	3.5
Bharat Heavy Electricals	Industrials	19.3	↓	3.3
State Bank of India	Financials	21.5	↑	3.2
Larsen and Toubro	Industrials	14.4	↑	3.1
ICICI Bank	Financials	13.5	↑	2.9
Total				42.3

Holding relates to the change in quantity of respective holdings during the month.

Market Cap Exposure

Large cap (over A\$1 billion)	71.5%
Mid cap (A\$200 million - A\$1 billion)	4.8%
Small cap (under A\$200 million)	0.9%
Cash, cash equivalents and derivatives	22.8%

Investment Strategy

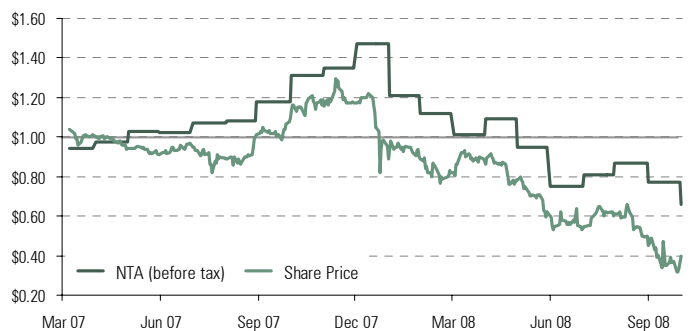
Manager	Olympus Funds Management Pty Ltd	
Investment Manager	Kotak Mahindra (UK) Ltd	
Market Capitalisation	Large	20-70 stocks
	Mid	
	Small	
Style	Top Down	Blend
	Bottom Up	

Performance versus Benchmarks - 31 October 2008

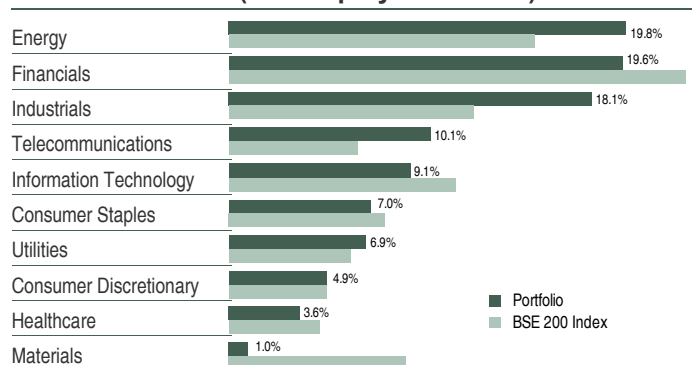
Returns	Portfolio	Absolute*	BSE 200 (A\$)
October 2008	-14.4%	1.7%	-14.9%
Financial year to date	-13.0%	6.7%	-12.1%
Rolling 12 months	-48.0%	20.0%	-48.1%
Since portfolio establishment (30 Apr 07)	-26.3%	30.0%	-28.4%
Annualised since establishment	-18.4%	20.0%	-20.0%

* Absolute Benchmark Return of 20% per annum prorated.
Past performance is not an indicator of future performance.

NTA versus Share Price

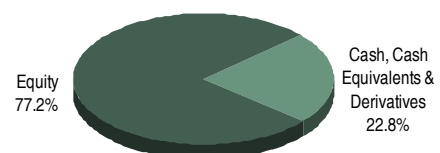


Sector Allocation (% of Equity Allocation)



Sector data based on MSCI's revised Global Industry Classification Standards.

Portfolio Allocation



Asset allocation is not an indicator of future performance.

Market Review

In October the Indian equity market, as represented by the BSE 200 Index, declined 14.9% in Australian Dollars and 26.4% in Indian Rupees. The Australian Dollar continued to depreciate against the Indian Rupee.

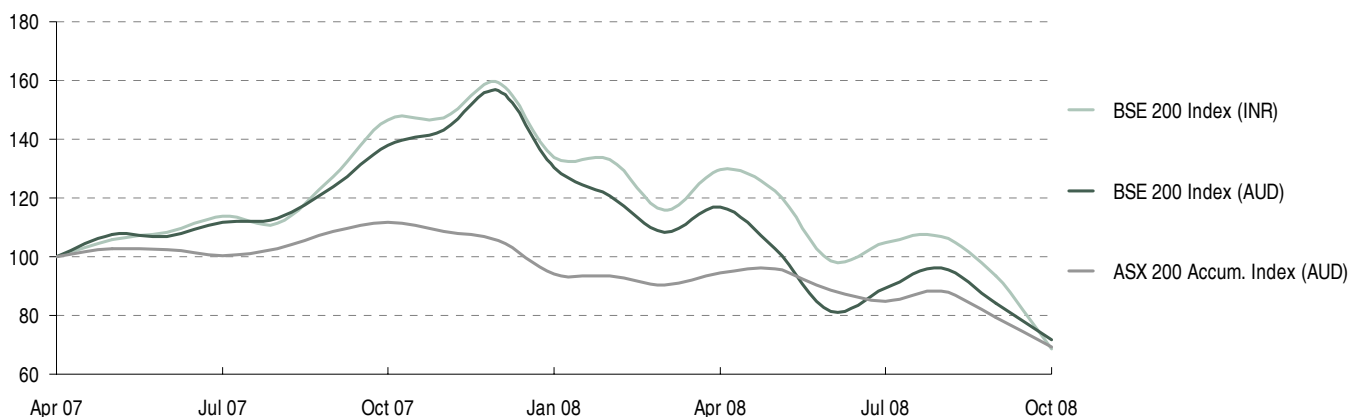
The ongoing global credit crisis continued to push global stock markets further into negative territory. October was the worst month since measurement of the major Indian stock market indices began; Sensex in 1979, Nifty in 1990 and BSE 200 in 1994. On 27 October the market was actually down 35% but thanks to a late recovery due to further US Fed intervention global stock markets, including India, were spared further pain. Stock market volatility hit an all-time high as some large cap stocks surged over 30% in the final days of the month. The aggregate turnover in equities on the Bombay Stock Exchange and National Stock Exchange dropped 20% compared to September further compounding volatility.

The real estate and metals sectors were hardest hit in October. A rapid slow down in realty sales and sharp falls in global metal prices lead investors to sell companies in these sectors at any price. Whilst all sectors closed in the red, the information technology and consumer staples sectors lost the least.

Inflation in the week ending 25 October fell to 10.72%. This figure is expected to decline further in coming months as lower oil and commodity prices filter through to consumers. During October the Reserve Bank of India ("RBI") played its role in tackling the global credit crunch injecting Rs 1 trillion (A\$30.5bn) of liquidity by dropping the cash reserve ratio to 6.5% from 9.0%. Amongst other measures to stimulate the economy, the RBI also reduced interest rates to 8% from 9%.

The net Foreign Institutional Investor ("FII") outflow from the equities market in October was US\$3.8bn (A\$5.7bn). So far in 2008, FIIs have withdrawn more than US\$12.9bn (A\$19.4bn) reducing their outstanding equities investments to approximately US\$53.7bn (A\$80.8bn).

BSE 200 Index - Historical Returns



Note: All indexes are rebased to 100 at 30 April 2008. Past performance is not an indicator of future performance.
Source: Bloomberg

Contact Us

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BSE 200 Index Movers

Price Change	Number of Securities
Increased	4
Unchanged	0
Decreased	196

Top BSE 200 Index Gainers & Losers

Gainers	% Chg	Comments
GTL	+17.4	Q2FY09 results, net profit +40% yoy
Sterling Biotech	+4.8	Q2FY09 results, net profit +22% yoy
Tata Communications	+4.0	Q2FY09 results, sales +20% net profit -63%
Satyam Comp. Serv.*	+2.8	Q2FY09 results, sales +39% net profit +42%
Infosys Technologies*	-1.1	Q2FY09 results, sales +32% net profit +30%

Losers	% Chg	Comments
Suzlon Energy*	-70.8	Q2FY09 results, sales +32% net profit -95%
Bajaj Finserv	-69.3	Q2FY09 results, net profit -14% yoy
IVRCL Infra & Projects*	-63.9	Infrastructure projects expected to slow
Aban Offshore*	-61.2	Affected by declining crude oil prices
Unitech	-58.8	Company suspects share price manipulation

India Equities Fund Ltd may or may not make investments in the above companies. Companies indicated by * were held by India Equities Fund Ltd at 31 October 2008. Past performance is not reliable indicator of future performance.

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