

Morgan Stanley
Growth Fund

Annual Report (Abridged)
2007-2008

Dear Unit Holders,

It gives us immense pleasure to inform you that Morgan Stanley Mutual Fund has made considerable progress in expanding its business proposition, across the retail and institutional customer segments. We have invested significant resources in augmenting our Investment Teams, and creating an efficient Sales, Marketing and Customer Service Infrastructure. We also intend to expand our product range, to offer you a variety of investment choices that you could consider, depending on your financial requirements. We hope that all of the above will translate into a more meaningful relationship with our unit holders in the coming years.

As you might be aware, the Trustees, during the year, approved the proposal of converting Morgan Stanley Growth Fund ('MSGF') into an open-ended scheme having perpetual duration. An application has been submitted to SEBI in this regard. On obtaining SEBI feedback, if any, on the proposal and completion of necessary formalities in this regard, we shall be shortly communicating to you the process involved in conversion of close-ended MSGF units you hold to open ended units and the various options and corresponding rights available to you during such process.

We would also like to emphasize that open-ending MSGF will provide unit holders an opportunity to continue with their investments in MSGF, but in addition, also allow them to avail of facilities like daily subscriptions and redemptions, switch options, Systematic Investment Plans, etc.

In that regard, we strongly urge unit holders who are holding physical unit certificates of MSGF and have yet not lodged their physical certificates for registration/transfer, to complete the necessary registration/transfer formalities to ensure that their name is reflected in the Register of unit holders of MSGF and thus avail of the benefits associated with proposed open ending of MSGF.

We thank you for your continued patronage and assure you that we will do our best to maintain the confidence and trust you have placed in us.

For Morgan Stanley Investment Management Private Limited



Anthony Heredia

Chief Executive Officer

Date: September 16, 2008

TRUSTEE REPORT

1 Scheme Performance, Future Outlook and Operations of Morgan Stanley Growth Fund: Performance of Morgan Stanley Growth Fund vis-à-vis benchmark Indices as of March 31, 2008:

(Figures in %)

| Period | MSGF NAV* | BSE Sensex | BSE 100 |
|---|-----------|------------|---------|
| Returns during the trailing year [(+) (-)] | 11.12 | 19.68 | 24.98 |
| Returns during the half year [(+) (-)] | -13.23 | -9.52 | -8.19 |
| Compounded Annualised Growth Rate | | | |
| (i) Last 3 years | 28.90 | 34.06 | 33.22 |
| (ii) Last 5 years | 38.73 | 38.69 | 40.56 |
| (iii) Since the launch of the scheme (18th February 1994) | 14.76 | 10.75 | 11.49 |

- Past performance is no indication of future performance and may not necessarily provide basis for comparison with other investments. Past performance may or may not be sustained in future. Distribution tax has been included in the calculation of returns.
- *Performance of the fund has been calculated based on the assumption that all dividends during the period have been reinvested in the scheme at the then prevailing NAV.
- MSGF NAV as of March 31, 2008 is Rs. 52.85 per unit.

For the 12 months ended March 31, 2008, the Scheme underperformed its benchmark (BSE 100) by 13.86%. However, since inception the scheme has outperformed its benchmark by 3.27% on an annualised basis.

In the year that passed by, from a sector allocation perspective, overweight in Industrials and underweight in Consumer Staples helped performance while overweight in Consumer Discretionary and underweight in materials detracted from performance. Whereas, from a stock selection perspective, positive alpha resulted from stocks within Consumer Discretionary and Healthcare space while stock selection in Industrials and Utilities dragged on performance.

Future Outlook:

The sharp correction in equity markets since January 2008 shifted the paradigm for Indian equities and handed the baton of sector leadership to an entirely new set of sectors. A few erstwhile favorites whose growth characteristics or promised asset creation strategies were being disproportionately rewarded in the liquidity driven surge of late 2007 fell significantly this year at the slightest disappointments. In the first half of the year, industries that consume commodities as their primary inputs have had to face a situation of rising costs and capped realizations due to price targeting fiscal measures. We feel that the rally in the oil led commodity complex is over-extended and expect commodity prices to correct. This would incrementally augur well for the deficits and inflation expectations.

In line with this viewpoint, we have reduced our exposure to commodity related sectors and have positioned our portfolio to benefit from the changing macro dynamic. We are overweight Consumer Discretionary and Industrials sector. At the margin, we have trimmed our overweight in the Industrials sector and incrementally increased our holding in the Consumer related sectors. We have also reduced our underweight in the Financials sector.

Operations of the Scheme:

Morgan Stanley Growth Fund (MSGF), an equity oriented scheme launched in January 1994, is the first mutual fund scheme launched by Morgan Stanley Mutual Fund. MSGF is a 15 year closed ended scheme which will mature in February 2009. As of the date of this report, MSGF is listed on Bombay Stock Exchange, National Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, Chennai Stock Exchange and Ahmedabad Stock Exchange.

In order to provide our investors with an opportunity to continue with MSGF and to benefit from advantages associated with open ended funds e.g. daily subscriptions, redemptions, Systematic Investment Plans, declaration of NAV on all business days, etc., the Board of Trustees of Morgan Stanley Mutual Fund, subject to SEBI feedback have decided to convert MSGF into an open-ended scheme, and de-list MSGF from the aforesaid stock exchanges. Subject to SEBI feedback if any, all the unit holders will be notified of the proposed modifications to the scheme by way of a public advertisement in newspapers including individual communication.

There are no unit holders over 25% of the Net Asset Value of MSGF as of March 31, 2008.

2 Brief background of Sponsors, Trust, Trustee Co. and AMC

a. Morgan Stanley Mutual Fund

Morgan Stanley Mutual Fund (MSMF) was set up as a Trust by the Settler, Morgan Stanley vide Trust Deed dated November 3, 1993 with the Board of Trustees as a Trustee in accordance with the provisions of the Indian Trust Act, 1882 and is duly

TRUSTEE REPORT (Contd.)

registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated November 3, 1993 with Morgan Stanley Investment Management Pvt. Ltd. (earlier known as Morgan Stanley Asset Management India Pvt. Ltd.), (the AMC), to function as the Investment Manager for all the Schemes of MSMF. MSMF was registered with SEBI on November 5, 1993.

b. The Board of Trustees for MSMF

The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

3 Investment Objectives of the Schemes

Morgan Stanley Growth Fund (MSGF):

The investment objective of the Scheme is to achieve long-term capital appreciation by investment primarily in equity and equity-related securities of Indian Companies.

4 Significant Accounting Policies: "Accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996." There was no deviation from the same.

5 Unclaimed Dividends & Redemptions

Summary of number of Investors and corresponding amount for MSGF:

| Period | Unclaimed Dividend | | Unclaimed Redemption | |
|------------------------------|--------------------|-------------------|---|------------------|
| | Amount (Rs.) | No. of Investors* | Amount (Rs.) | No. of Investors |
| Interim Dividend - June 1999 | 15,219,120 | 70,140 | | |
| Dividend - April 2000 | 13,075,431 | 62,663 | | |
| Dividend - June 2001 | 20,132,600 | 73,889 | | |
| Dividend - April 2004 | 37,836,211 | 86,354 | | |
| Dividend - October 2006 | 61,713,972 | 100,312 | | |
| | | | Not Applicable being a closed-end scheme listed on Stock Exchanges. | |

* Excludes unit holders relating to in-transit positions at National Securities Depository Limited (NSDL).

6 Statutory Information:

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. Five Lacs for setting up the Fund, and such other accretions / additions to the same.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report shall be disclosed on the website www.morganstanley.com/indiamf and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

Sincerely,

Sd/-

Ronald Robison
Principal Trustee

Date: September 16, 2008

AUDITORS' REPORT

To
The Board of Trustees
Morgan Stanley Mutual Fund

1. We have audited the Balance Sheet of MORGAN STANLEY MUTUAL FUND - MORGAN STANLEY GROWTH FUND (The "Fund") as at March 31, 2008, and the related Revenue Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Morgan Stanley Mutual Fund and the Management of Morgan Stanley Investment Management Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2008 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The Balance Sheet and the Revenue Account and the Cash Flow Statement referred to above are in agreement with the books of account of the Fund.
4. In our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of Morgan Stanley Mutual Fund - Morgan Stanley Growth Fund as at March 31, 2008 and its net surplus for the year on that date.
 - (ii) The Balance Sheet as at March 31, 2008, and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
 - (iii) The method used to value:
 - (a) privately placed equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds dated May 9, 2002 issued by the SEBI; and
 - (b) privately placed equity shares of listed companies with lock-in period in good faith as at March 31, 2008 as determined by Morgan Stanley Investment Management Private Limited under procedures approved by the Board of Trustees of Morgan Stanley Mutual Fund are fair and reasonable.

Sd/-
K.H. Vachha
Partner
M. No. F/30798
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
April 29, 2008

ABRIDGED BALANCE SHEET

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Abridged Balance Sheet as at March 31, 2008

(Rupees in Lakhs)

| | As at March 31, 2008 | As at March 31, 2007 |
|--|-------------------------|-------------------------|
| LIABILITIES | | |
| 1 Unit Capital | 60,018 | 60,018 |
| 2 Reserves & Surplus: | | |
| 2.1 Unit Premium Reserves | 4,124 | 4,124 |
| 2.2 Unrealised Appreciation Reserve | 52,305 | - |
| 2.3 Other Reserves | 200,773 | 221,276 |
| 3 Loans & Borrowings | - | - |
| 4 Current Liabilities & Provisions: | | |
| 4.1 Provision for doubtful Income/Deposits | - | - |
| 4.2 Other Current Liabilities & Provisions | 4,360 | 2,315 |
| TOTAL | <u><u>321,580</u></u> | <u><u>287,733</u></u> |
| ASSETS | | |
| 1 Investments | | |
| 1.1. Listed Securities: | | |
| 1.1.1 Equity Shares | 301,492 | 259,980 |
| 1.1.2 Preference Shares | - | - |
| 1.1.3 Equity Linked Debentures | - | - |
| 1.1.4 Other Debentures & Bonds | - | - |
| 1.1.5 Securitised Debt Securities | - | - |
| 1.2 Securities Awaited Listing: | | |
| 1.2.1 Equity Shares | - | - |
| 1.2.2 Preference Shares | - | - |
| 1.2.3 Equity Linked Debentures | - | - |
| 1.2.4 Other Debentures & Bonds | - | - |
| 1.2.5 Securitised Debt Securities | - | - |
| 1.3 Unlisted Securities: | | |
| 1.3.1 Equity Shares | 4,382 | 4,568 |
| 1.3.2 Preference Shares | - | - |
| 1.3.3 Equity Linked Debentures | - | - |
| 1.3.4 Other Debentures & Bonds | - | - |
| 1.3.5 Securitised Debt Securities | - | - |
| 1.4 Government Securities | - | - |
| 1.5 Treasury Bills | - | 3,996 |
| 1.6 Commercial Paper | - | - |
| 1.7 Certificate of Deposits | - | - |
| 1.8 Bill Rediscounting | - | - |
| 1.9 Units of Domestic Mutual Fund | - | - |
| 1.10 Foreign Securities | 5,655 | 6,672 |
| Total Investments | <u>311,529</u> | <u>275,216</u> |
| 2 Deposits | 1,044 | 1,015 |
| 3 Other Current Assets: | | |
| 3.1 Cash & Bank Balance | 677 | 57 |
| 3.2 CBLO/ Reverse Repo Lending | 6,873 | 10,725 |
| 3.3 Others | 1,457 | 720 |
| 4 Deferred Revenue Expenditure (to the extent not written off) | - | - |
| TOTAL | <u><u>321,580</u></u> | <u><u>287,733</u></u> |

Notes to Accounts - Annexure I

Sd/-

K. H. VACHHA

Partner

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Mumbai
April 29, 2008

For Morgan Stanley Mutual Fund

Sd/-

Dr. ABID HUSSAIN

Trustee

Sd/-

MICHAEL KOLLINS

Trustee

Sd/-

J. S. BAIJAL

Trustee

Sd/-

RONALD ROBISON

Trustee

Sd/-

B. RAI

Trustee

For Morgan Stanley Investment Management Private Limited

Sd/-

NARAYAN RAMACHANDRAN

CEO

Sd/-

SRIDHAR SIVARAM

Portfolio Manager

Sd/-

JOSEPH CLIFFORD D'SOUZA

Director

Sd/-

AMAY HATTANGADI

Portfolio Manager

ABRIDGED REVENUE ACCOUNT

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Abridged Revenue Account for the year ended March 31, 2008

(Rupees in Lakhs)

| | Year ended March 31, 2008 | Year ended March 31, 2007 |
|---|------------------------------|------------------------------|
| INCOME | | |
| Dividend (Includes dividend on American Depository Receipt and Global Depository Receipt (Net)) | 1,931 | 3,407 |
| Interest | 649 | 729 |
| Realised Gain / (Loss) on Foreign Exchange Transactions | (623) | 62 |
| Realised Gains / (Losses) on Interscheme sale of investments | - | - |
| Realised Gains / (Losses) on External sale / redemption of investments | 84,750 | 68,154 |
| Realised Gains / (Losses) on Derivative Transactions | - | - |
| Other Income (Annexure 1 - Note 7) | 28 | 11 |
| | (A) | (A) |
| | <u>86,735</u> | <u>72,363</u> |
| EXPENSES (Annexure 1 - Note 8) | | |
| Management fees | 3,560 | 2,820 |
| Service tax on Management fees | 440 | 342 |
| Transfer agents fees and expenses | 233 | 240 |
| Custodian fees | 160 | 154 |
| Trusteeship fees | 21 | 23 |
| Commission to Agents | - | - |
| Marketing & Distribution expenses | 322 | 379 |
| Audit fees | 8 | 7 |
| Other operating expenses | 73 | 59 |
| | (B) | (B) |
| | <u>4,817</u> | <u>4,024</u> |
| NET REALISED GAINS / (LOSSES) FOR THE YEAR | (A-B = C) | (A-B = C) |
| | <u>81,918</u> | <u>68,339</u> |
| Change in Unrealised Depreciation in value of investments | (D) | (D) |
| | <u>-</u> | <u>60,129</u> |
| NET GAINS / (LOSSES) FOR THE YEAR | (E=(C-D)) | (E=(C-D)) |
| | <u>81,918</u> | <u>8,210</u> |
| Change in unrealised appreciation in the value of investments | (F) | (F) |
| | <u>-</u> | <u>-</u> |
| NET SURPLUS / (DEFICIT) FOR THE YEAR | (E + F = G) | (E + F = G) |
| | <u>81,918</u> | <u>8,210</u> |
| Add: Balance transfer from Unrealised Appreciation Reserve | - | - |
| Less: Balance transfer to Unrealised Appreciation Reserve | - | - |
| Add / (Less): Equalisation | - | - |
| Total | <u>81,918</u> | <u>8,210</u> |
| Dividend appropriation | | |
| Income Distributed during the year (declared on October 13, 2006) | - | 12,004 |
| Tax on income distributed during the year | - | - |
| Retained Surplus / (Deficit) carried forward to Balance Sheet | <u>81,918</u> | <u>(3,794)</u> |

Notes to Accounts - Annexure I

Sd/-

K. H. VACHHA
Partner

For Morgan Stanley Mutual Fund

For Morgan Stanley Investment Management Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Sd/-
Dr. ABID HUSSAIN
Trustee

Sd/-
J. S. BAIJAL
Trustee

Sd/-
B. RAI
Trustee

Sd/-
NARAYAN RAMACHANDRAN
CEO

Sd/-
JOSEPH CLIFFORD D'SOUZA
Director

Mumbai
April 29, 2008

Sd/-
MICHAEL KOLLINS
Trustee

Sd/-
RONALD ROBISON
Trustee

Sd/-
SRIDHAR SIVARAM
Portfolio Manager

Sd/-
AMAY HATTANGADI
Portfolio Manager

NOTES TO ACCOUNTS

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Notes to Accounts - Annexure I to the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2008

1 Investments:-

- 1.1. All investments of the Scheme are registered in the name of Trustees for the benefit of the Scheme Unit Holders.
- 1.2. There were no open positions of derivatives as at March 31, 2008 and as at March 31, 2007.
- 1.3. There were no investments in Associates and Group Companies.
- 1.4. There was no open position of Securities Borrowed and/or Lent by the scheme as at March 31, 2008 and as at March 31, 2007.
- 1.5. There were no Non-Performing Assets as at March 31, 2008 and as at March 31, 2007.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Years 2008 and 2007 and percentage to net assets.

| | Amount (Rs.) | Percentage to Net Assets | Amount (Rs.) | Percentage to Net Assets |
|--|---------------|--------------------------|----------------|--------------------------|
| | 2008 | | 2007 | |
| American Depository Receipt and Global Depository Receipt | | | | |
| - Appreciation | 170,552,744 | 0.54 | 120,948,369 | 0.42 |
| - Depreciation | Nil | - | 55,963,924 | 0.20 |
| Equity Shares | | | | |
| - Appreciation | 8,055,615,044 | 25.39 | 10,994,859,891 | 38.52 |
| - Depreciation | 2,995,662,942 | 9.44 | 817,843,405 | 2.87 |

- 1.7. During the year ended March 31, 2008 purchases and sales of investment securities aggregated Rs. 27,391,078,122 (excluding accretion of discount Rs. 30,646,299) and Rs. 27,189,516,123 respectively, being 77.47% and 76.90% of the average daily net asset value.

During the year ended March 31, 2007 purchases and sales of investment securities aggregated Rs. 14,921,230,209 (excluding accretion of discount Rs. 43,626,983) and Rs. 16,906,577,282 respectively, being 53.38% and 60.48% of the average daily net asset value.

- 1.8. Non-Traded securities in the portfolio and their percentages to net assets.

| 2007-2008 | Company Name | No. of Shares | Aggregate Value (Rs.) | % to Net Asset |
|-----------|---------------------------|---------------|-----------------------|----------------|
| | ESS DEE Aluminium Limited | 635,000 | 313,452,701 | 0.99 |

| 2006-2007 | Company Name | No. of Shares | Aggregate Value (Rs.) | % to Net Asset |
|-----------|------------------|---------------|-----------------------|----------------|
| | Jyoti Structures | 2,750,000 | 456,751,075 | 1.60 |

2 Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as Amended.

Year - 2007-2008

MSIMPL has not utilized the services of the Sponsor or any of its affiliates, employees or their relatives for the purpose of any securities transaction as specified under Regulation 25(8) of the Regulation. However, during the year the Fund subscribed to the issue of equity shares of the following companies where JM Morgan Stanley Private Limited, an associate of MSIMPL was the lead manager/co-manager to these issues. The subscriptions were made through non-affiliate entities as given below:-

| Name of company | Amount invested (Rs.) | Entities through whom investment made |
|-----------------------------|-----------------------|---------------------------------------|
| HDFC ADR | 499,300,000 | Merrill Lynch |
| Phoenix Mills | 504,000,000 | IL&FS Limited |
| Mundra Port and Sez Limited | 39,221,600 | DSP Merrill Lynch Limited |

NOTES TO ACCOUNTS (Contd.)

Year - 2006-2007

MSIMPL has not utilized the services of the Sponsor or any of its affiliates, employees or their relatives for the purpose of any securities transaction as specified under Regulation 25(8) of the Regulation. However, during the year the Fund subscribed to the issue of equity shares of the following companies where JM Morgan Stanley Private Limited, an associate of MSIMPL was the lead manager/co-manager to these issues. The subscriptions were made through non-affiliate entities as given below:-

| Name of company | Amount invested (Rs.) | Entities through whom investment made |
|-----------------------|-----------------------|---------------------------------------|
| Idea Cellular Limited | 55,435,800 | DSP Merrill Lynch Limited |

3 There were no unit holders holdings over 25% of the NAV of the Scheme as at March 31, 2008 and as at March 31, 2007.

4 Unit Capital movement during the years ended March 31, 2007 and March 31, 2008.

| | 2007-2008 | 2006-2007 |
|---------------|---------------|---------------|
| Opening Units | 600,182,181 | 600,182,181 |
| Subscription | - | - |
| Redemption | - | - |
| Closing Units | 600,182,181 | 600,182,181 |
| Face Value | 6,001,821,810 | 6,001,821,810 |

5 Previous year's figures have been re-grouped/re-arranged where appropriate.

6 There is no contingent liability as on March 31, 2008 and March 31, 2007.

7 During the year, provisions aggregating Rs. 28,33,845 were written back as no longer required.

8 Expenses other than management fee is inclusive of service tax where applicable.

Sd/-
K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Mumbai
April 29, 2008

For Morgan Stanley Mutual Fund

| | | |
|-------------------------------------|---------------------------------|---------------------------|
| Sd/- Dr. ABID HUSSAIN Trustee | Sd/- J. S. BAIJAL Trustee | Sd/- B. RAI Trustee |
|-------------------------------------|---------------------------------|---------------------------|

| | |
|------------------------------------|-----------------------------------|
| Sd/- MICHAEL KOLLINS Trustee | Sd/- RONALD ROBISON Trustee |
|------------------------------------|-----------------------------------|

For Morgan Stanley Investment Management Private Limited

| | |
|-------------------------------------|---|
| Sd/- NARAYAN RAMACHANDRAN CEO | Sd/- JOSEPH CLIFFORD D'SOUZA Director |
|-------------------------------------|---|

| | |
|--|--|
| Sd/- SRIDHAR SIVARAM Portfolio Manager | Sd/- AMAY HATTANGADI Portfolio Manager |
|--|--|

KEY STATISTICS

MORGAN STANLEY MUTUAL FUND-MORGAN STANLEY GROWTH FUND

Key Statistics for the year ended March 31, 2008

| | Year ended March 31, 2008 | Year ended March 31, 2007 |
|--|------------------------------|------------------------------|
| 1. NAV per unit (Rs.): | | |
| Open | 47.56 | 48.19 |
| High | 74.10 | 53.50 |
| Low | 45.43 | 34.09 |
| End | 52.85 | 47.56 |
| 2. Closing Assets Under Management (Rs. in Lakhs): | | |
| End | 317,221 | 285,418 |
| Average (AAuM) | 353,569 | 279,523 |
| 3. Gross income as % of AAuM | 24.53% | 25.89% |
| 4. Expense Ratio: | | |
| a. Total Expense as % of AAuM | 1.36% | 1.44% |
| b. Management Fee as % of AAuM | 1.01% | 1.01% |
| 5. Net Income as a percentage of AAuM | 23.17% | 24.45% |
| 6. Portfolio turnover ratio | 0.77 | 0.53 |
| 7. Total Dividend per unit distributed during the year | - | 2.00 |
| 8. Returns: | | |
| a. Last One Year | | |
| Morgan Stanley Growth Fund | | |
| Growth Plan | 11.12% | 2.90% |
| Benchmark (BSE 100) | 24.98% | 11.57% |
| b. Since Inception | | |
| Morgan Stanley Growth Fund | | |
| Growth Plan | 14.76% | 15.04% |
| Benchmark (BSE 100) | 11.49% | 10.53% |

Notes:

1. Gross income = amount against (A) in the Revenue account i.e. Income.
2. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) For the Year/Period
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
4. AAuM=Average daily net assets
5. Past performance may or may not be sustained in future.

MORGAN STANLEY MUTUAL FUND - MORGAN STANLEY GROWTH FUND

Regulatory Disclosures

Investment Objective

Morgan Stanley Growth Fund is a closed end Fund with long-term capital appreciation as its investment objective. The Scheme will seek to achieve this objective through investment, primarily in equity and equity-related securities of Indian companies.

Statutory Details

Morgan Stanley Mutual Fund has been set up as a Trust by Morgan Stanley being its Sponsor. The Board of Trustees of Morgan Stanley Mutual Fund has appointed Morgan Stanley Investment Management Private Limited as the asset management company.

Risk Factors

All investments in Mutual Funds and securities are subject to market and other risks and the NAV of units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. There can be no assurance that the objectives of the Scheme of the fund will be achieved.

Investments in close-ended schemes are subject to market risks of infrequent trading, possibility of market price of units being traded at a discount to NAV etc. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. The name of the Scheme does not indicate the quality of the Scheme, its future prospects or returns. Please read the Offer Document before investing.

The past performance of the Mutual Funds managed by the Sponsors and their affiliates/associates is not necessarily indicative of the future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operations of the Scheme beyond their initial contribution of Rs. 5 Lacs towards setting up of the Mutual Fund and such other accretions and additions to the corpus.

Investors in the Scheme are not being offered a guaranteed or assured rate of return. There is no assurance or guarantee to the unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.

Liability and responsibility of Trustees and Sponsors:

The primary responsibility of the Board of Trustees is to safeguard the interest of the unit holders and inter-alia ensure that Morgan Stanley Investment Management Pvt. Ltd. (MSIM) functions in the interest of investors and in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (the Regulations) the provisions of Trust Deed and the offer document of the scheme. The Board of Trustees has been discharging its duties and carrying out the responsibilities as provided in the Regulations and Trust Deed. The Board of Trustees seeks to ensure that MSIM manages the Fund in accordance with the Regulations, directions and guidelines issued by SEBI, Stock Exchanges, the Association of Mutual Funds in India and other regulatory authorities.

Other Investor Information

- There are no unit holders over 25% of the Net Asset Value of the scheme as at March 31, 2008
- Nomination Facility is available and individual unit holders desirous of availing the same can contact Karvy Computershare Private Limited at below mentioned address. Nomination form is also available on the Fund's website www.morganstanley.com/indiamf.
- In order to avoid fraudulent encashment of dividend warrants, unit holders are requested to intimate name, address and account number details of their bank to Karvy Computershare Private Limited at the below address:

Karvy Computershare Private Limited

Karvy Registry House
Unit: Morgan Stanley Growth Fund,
21, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.
Tel: 040 - 2331 2454, 2332 0251

On written request and on payment of a nominal fee, present and prospective unit holders/investors can obtain a copy of the Trust Deed, the Annual Report of the Asset Management Company and/or the Fund and the offering circular.

Contact: Karvy Computershare Private Ltd., 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.

Tel: 040 - 2331 2454, 2332 0251

Book Post

Mutual Fund:

Morgan Stanley Mutual Fund

Trustees:

Dr. Abid Hussain

Mr. J. S. Baijal

Mr. B. Rai

Mr. Ronald Robison

Mr. Michael Kollins

Scheme:

Morgan Stanley Growth Fund

Asset Management Company:

Morgan Stanley Investment Management Private Limited

Custodian:

JPMorgan Chase Bank

Registrar & Transfer Agent:

Karvy Computershare Private Limited

Legal Advisor:

J. Sagar Associates

Auditor:

Price Waterhouse

Banker:

Standard Chartered Bank

If undelivered please return to:

Karvy Computershare Private Limited

Karvy Registry House
Unit: Morgan Stanley Growth Fund,
21 Avenue 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034.
Tel: 040 - 2331 2454, 2332 0251