

INDIA

EQUITIES FUND LTD

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7 July 2010

ASX RELEASE

ASX Code: INE/INEO

**Extraordinary General Meeting
Chairman's Address
1.30 pm Wednesday 7 July 2010
Computershare Conference Centre, Melbourne**

Please see the attached address to be delivered by the Chairman, Mr Don Christie (including addresses by the CEO, Mr John Pereira and CFO, Mr David Carruthers) to shareholders at the Extraordinary General Meeting of India Equities Fund Limited to be held at 1.30 pm today, Wednesday 7 July 2010.

A copy of the presentation to be shown at the EGM is attached and will also be available on the Company's website at www.indiaequitiesfund.com.au.

Yours sincerely,



Mark Licciardo
Company Secretary

It is important that we leave you in no doubt that we remain committed to the medium and long term opportunity that investment in India can deliver and the Resolution being put today does not diminish our commitment.

Indeed, if the shareholders approve this Resolution, the company will continue to review alternative investment opportunities in India as part of the subject evaluation addressed in the Notice of the meeting.

(SLIDE 3 – Pricing inequality to NTA)

This slide is now all too familiar as it demonstrates that the company has traded at a significant discount to its real economic value as measured by NTA per share.

While there has been a recent improvement in the price since the announcement of the proposed resolution, this clearly reflects the perception of the value that our proposal can deliver.

It is this ongoing gap between share price and NTA that is the major reason for us putting this proposal to you.

(SLIDE 4 – Rationale)

Our proposal is not only driven by the fact that there has been a substantial gap between the share price and NTA but, as importantly, we believe that it is unlikely that it could be fixed in a reasonable timeframe.

Our contention is supported by a number of initiatives that have been detailed in the EGM notice, which were specifically targeted at solving this issue.

In addition, the feedback we have received from investors, brokers, bankers and financial advisors has been one of frustration that all of the actions we have taken to date have not solved the issue.

On 17 March we announced, with a degree of confidence, a range of capital management initiatives including an immediate small return of capital, a committed 3.5% half yearly distribution and a finite life for the company. This announcement had no appreciable impact on the share price and investors were skeptical about its likely success.

Our response to this feedback has been to give the shareholders an opportunity to realise a substantial proportion of their investment through a capital return based on 90% of NTA.

This equal capital reduction has two benefits for shareholders:

1. Funds can be provided quickly - prior to 31 August; and
2. As the shares are not cancelled, shareholders retain their interest and can evaluate future proposals to be presented by the Directors.

(SLIDE 5 – Capital Return Pros/Cons)

The advantages, disadvantages and other considerations are analysed in some detail in the explanatory notes to the notice of meeting.

These can be summarised as follows:

- Provides cash benefits to shareholders in the short term;
- Recognises that other alternatives to reduce discount to NTA could not be implemented in a timely manner;
- Effectively closes the gap to NTA by delivering most of the value to shareholders;
- Deprives shareholders of access to long term Indian market potential through the company, necessitating them finding other vehicles to address this requirement;

- There are costs relating to this approach including:
 - EGM administration;
 - Costs of winding down the company;
 - Potential non-recovery of tax losses.

- If no viable alternatives can be identified and the Directors subsequently propose the company be wound up, the benefits of an ASX quotation will be lost.

I now invite David Carruthers to review with you some of the financial implications of the proposal.

David Carruthers

(SLIDE 6 – Financial Implications)

The Return of Capital per share will be determined by two major factors:

- The number of shares on issue at the Record Date – 15 July; and
- The Net Tangible Assets of the company at 31 July.

(SLIDE 7 – Capital Structure)

The EGM Notice evaluated the impact of the number of shares on issue by determining the effect of ALL or NO options being issued by the Record Date of 15 July.

While we cannot determine this amount precisely, your Directors have estimated that around 75% of the unexercised options at 24 May (immediately prior to the EGM notice) will be exercised by 15 July and accordingly participate in the capital return.

This assessment is based on daily reports of option exercises being provided to us by Computershare. The ASX announcement on 5 July indicates that, based on funds received to 29 June, some 13m of the original 23.5m options remain outstanding.

Our 75% assumption will increase the NTA by around \$7m, based on the 40c exercise price, and increase the issued shares, used to determine the capital return per share, to around 116.8m.

The estimated 5,850,000 unexercised options at the Record Date will all be exercised prior to 31 August, either by the existing option holders or the underwriters, at no cost (based on the interpretation provided by the ASX).

(SLIDE 8 – Capital Return & Surplus)

This analysis is based on the data included in the EGM notice except that it has been updated to show the impact of the assumed 75% exercise of options by the Record Date.

The 31 July NTA assumes an unchanged position from 30 April other than around \$7m from option exercise. While we appreciate that shareholders are keen to understand what the likely variation is between April and July, we cannot provide a definitive number. However, we will formally advise ASX later today that our best estimate of the amount of the return of capital is \$ 75m.

That \$75m is within the range of possible outcomes (\$68.4m to \$82.2m) shown on this slide.

We have also shown here what each NTA delivers by way of return of capital and the surplus funds remaining after allowing for wind down costs.

(SLIDE 9 – Per Share)

The 90% of NTA from the previous slide is then divided by the shares on issue at the Record Date (which includes all options validly exercised by 15 July even if the shares are not formally allotted by that date). The total shares on issue are estimated to be around 116.8m which will deliver a 90% capital return of between \$0.59 and \$0.70 per share.

As noted earlier, we will formally advise ASX later today that our best estimate of the amount is \$ 75m which, based on the 75% option exercise assumed, delivers an estimated return of capital of \$0.64c per share.

The Chairman will now review the timetable with you before proceeding to the formal part of the meeting.

Don Christie

(SLIDE 10 – Timetable)

In the event that the shareholders approve the resolution being put to this meeting, the Directors will immediately convene a Board meeting to formalise the actions required. An announcement will be made to the ASX later today to further clarify the actions to be taken to realise the portfolio and address administrative issues.

I can advise at this stage that the company has taken action prior to 30 June to maximise the cash holding of the portfolio within the agreed investment mandate. These cash funds have been transferred back to Australia and are currently invested as Term Deposits awaiting the outcome of this meeting.

The Record Date for determining your entitlement to participate in this return of capital is 15 July. However, as noted earlier by David Carruthers, the shares issued through the exercise of options by 15 July will also participate even if those shares are allotted after 15 July.

The announcement to the ASX of the July NTA by 13 August will formally document the basis for the 90% return of capital.

We expect to pay the return of capital around 20 August and would emphasise that there will be no change in the number of shares that you hold in the company.

The options expire on 31 August and all options exercised after 15 July shall be at no cost. However the issue of shares against an option entitlement during this period is NOT automatic and the optionholder must give notice by 31 August of an intention to exercise even though there is no cost. Any options not exercised by 31 August will be taken up, and immediately converted to shares, by the underwriter.

In the event of this resolution being approved, your Directors will immediately consider alternatives that may be available. In so doing the Directors will need to be convinced that there is a potential for a better outcome for shareholders than winding up and liquidating the company. The dates for calling and holding a subsequent extraordinary general meeting will be driven by the opportunities that present themselves.

Accordingly the dates on this slide are purely indicative.

Ladies and gentleman I would like to turn now to the business of the meeting.

INDIA

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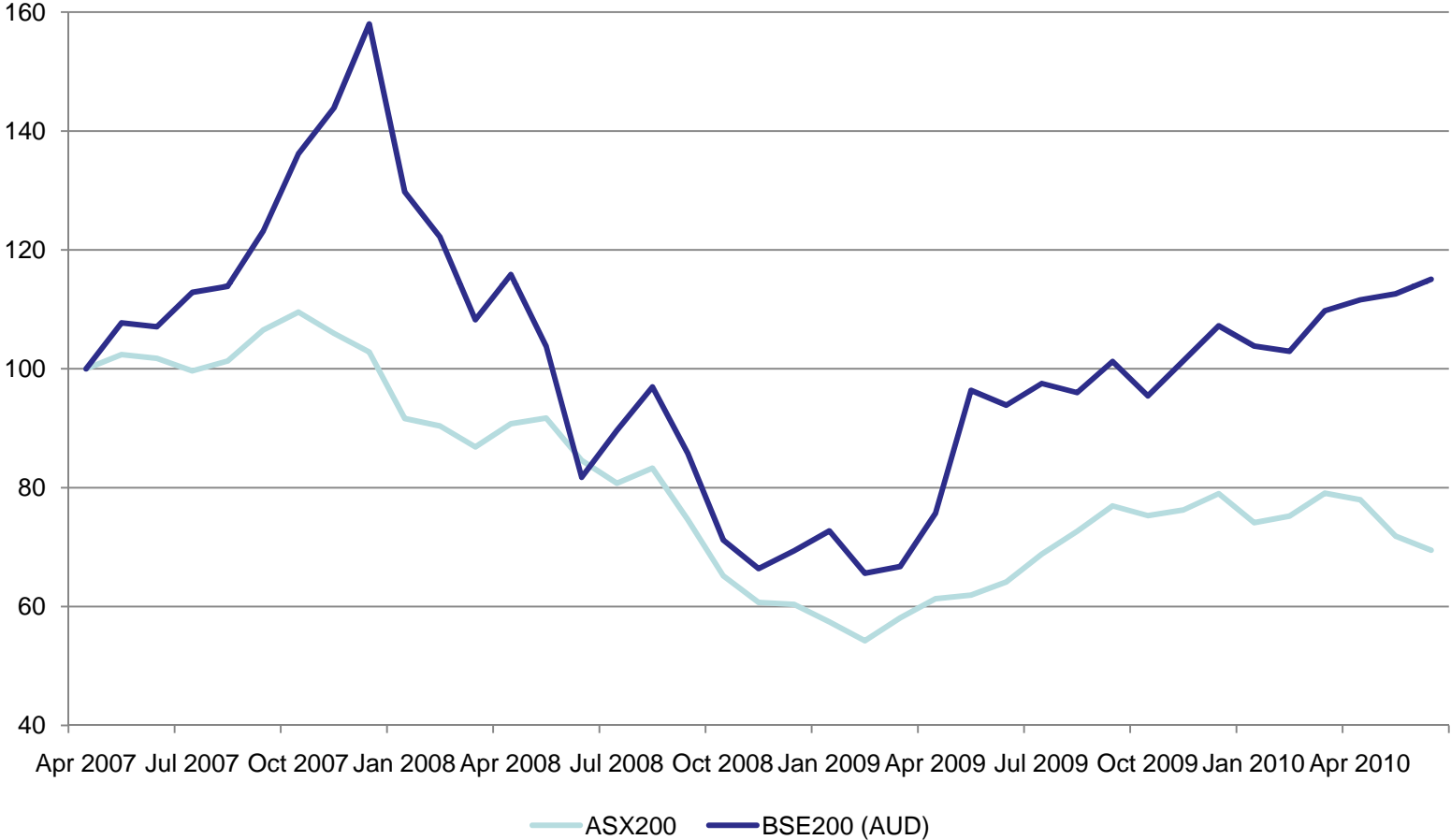
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EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

7 July 2010



INDIA v AUSTRALIA



We remain committed to the Indian growth story



PRICING INEQUALITY



RATIONALE

- Discount of share price to NTA per share unlikely to be fixed in reasonable timeframe
- Previous attempts to reduce discount have been unsuccessful
- Significant investor dissatisfaction with continuing discount
- The proposed capital management initiatives of 17 March have not had an appreciable impact on the share price

Accordingly Directors propose to provide investors with a quick return of a substantial proportion of the value of their holdings through a capital return based on 90% of NTA



CAPITAL RETURN PROS/CONS

ADVANTAGES

- Significant short term value to shareholders
- Alternatives unlikely to have a significant impact in an acceptable timeframe
- Recoups the discount to NTA per share

DISADVANTAGES

- Removes access to the future potential upside of the Indian share market
- Administration costs and potential non recovery of tax losses
- Possible loss of ASX quotation



INDIA EQUITIES FUND LIMITED

FINANCIAL IMPLICATIONS



CAPITAL STRUCTURE

OPTIONS	Number	\$
Unexercised options prior to EGM Notice	23,432,286	
Options expected to be exercised by 15 Jul *	<u>17,582,286</u>	\$ 7,032,914
Estimated unexercised options after Record Date	<u>5,850,000</u>	-

* Subject to approval of the Resolution

SHARES	Number
Shares on Issue prior to EGM Notice	99,202,343
Options expected to be exercised by 15 Jul	<u>17,582,286</u>
Estimated Shares on Issue at Record Date	116,784,629



CAPITAL RETURN & SURPLUS

Assuming approx 75% exercise of outstanding options as at 24 May by 15 July 2010

	-10% NTA Growth (\$m)	Constant NTA (\$m)	+10% NTA Growth (\$m)
31 July NTA (est.)	76.0	83.7	91.3
90% of NTA	68.4	75.3	82.2
Residual Funds	7.6	8.4	9.1
Estimated Tax losses and wind down management costs	(2.7)	(2.5)	(2.3)
Estimated Surplus	4.9	5.9	6.8

ASX ANNOUNCEMENT – 7 JULY 2010:

Estimated return of capital \$75m



CAPITAL RETURN PER SHARE

The table below shows a summary of the range of distributions per share with sensitivity for NTA changes $\pm 10\%$ for the 90% capital return

90% Capital Return per share			
31 July 2010	-10% change	0% change	+10% change
75% options exercised by 15 July	\$0.59	\$0.64	\$0.70
Residual funds per share after wind down costs			
	-10% change	0% change	+10% change
All options exercised by 31 August	\$0.04	\$0.05	\$0.06

Note:

The range of prices have been rounded to the nearest cent.

Any changes in the NTA value beyond the parameters set out above will change the result.

ASX ANNOUNCEMENT – 7 JULY 2010:

Estimated return of capital \$0.64 per share



TIMETABLE

Date	Event
7 July 2010	EGM held
15 July 2010	Record Date for entitlement to initial return of capital
13 August 2010	Final date for announcement of July NTA
Before 31 August 2010	Payment of initial return of capital
31 August 2010	Options Expiry Date
30 September 2010 *	Announcement of subsequent EGM to consider future opportunities
29 October 2010 *	EGM

* Indicative dates only



INDIA EQUITIES FUND LIMITED

BUSINESS OF THE MEETING



SPECIAL BUSINESS

- To consider, and if thought fit, pass the following **ordinary resolution**:

“That, approval is given for the Company to dispose of its main undertaking and subject to the Corporations Act to implement an equal capital reduction by paying to each Shareholder as at 7PM on 15 July 2010 (the Record Date) an amount equal to 90% of the after tax NTA per Share as at 31 July 2010 multiplied by the number of Shares held by that person and otherwise on the terms set out in section 3 of the Explanatory Memorandum accompanying this Notice of Meeting.”

