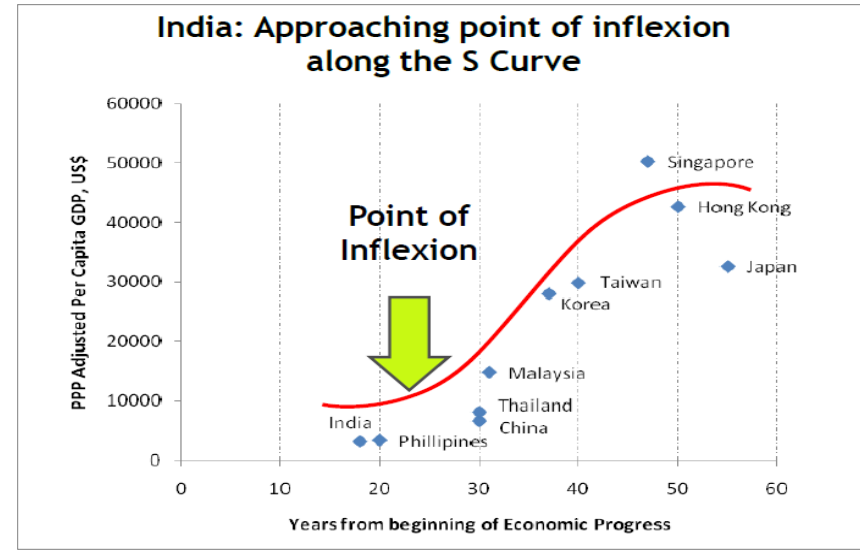
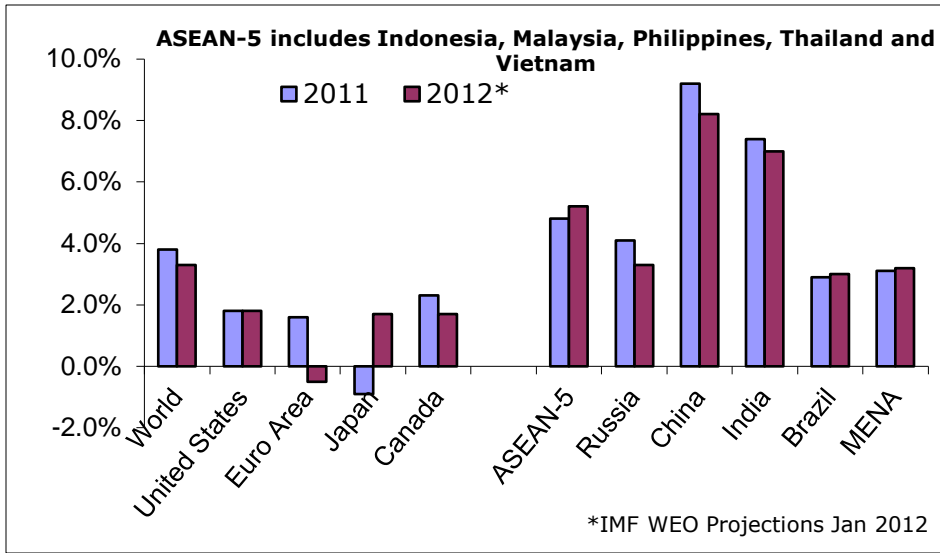




Tata Asset Management
Presentation to AMP
Sydney, May 2012

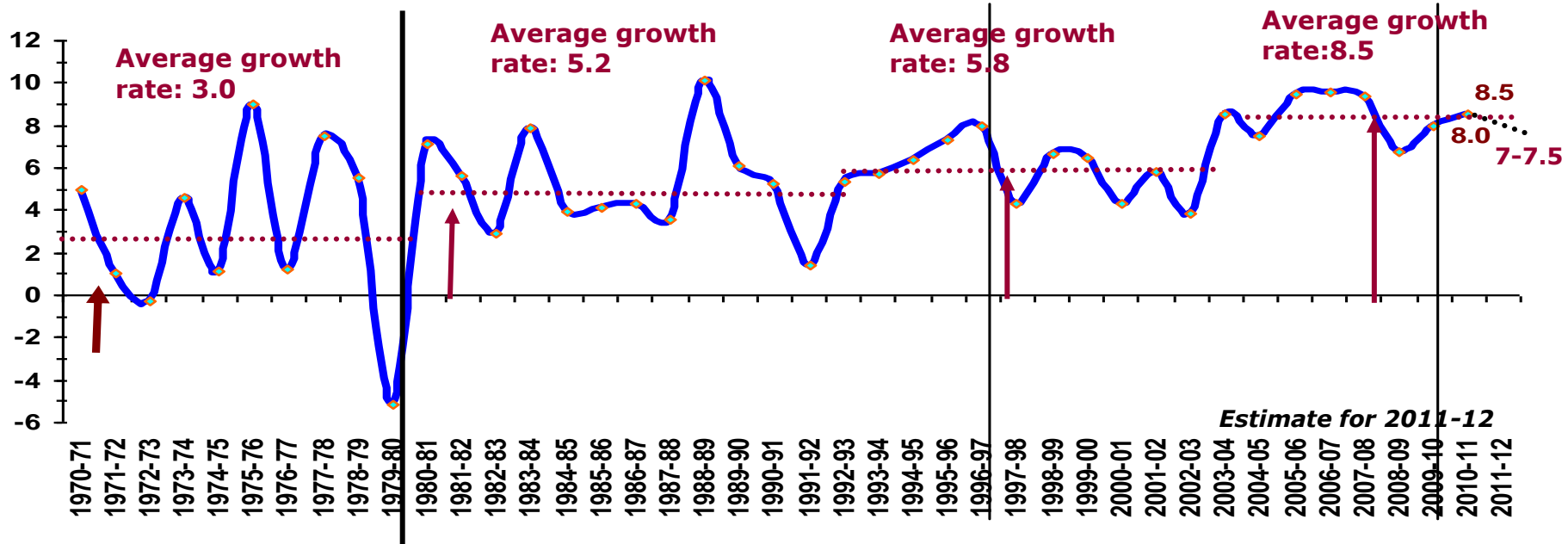
The next 10 years could herald unprecedented growth in India



- India and China only trillion dollar economies growing over 7%.
- Over 82% of Indian economy is domestic demand driven – ensuring stable growth despite global uncertainties.
- Democracy, legal framework, sound capital markets and stable and pro-reform government provide a sound enabling environment for accelerated growth in the future.

- Economies tend to follow an 'S' curve of growth with a point of inflexion around the USD 4000 per capita GDP mark on a PPP adjusted basis.
- For many countries this has happened between the 20th and 30th year post economic reform.
- China has witnessed this in the last 10 years.
- India is at the cusp of the 20th year of reform and approaching USD 4000 per capita GDP-PPP adjusted that define this take-off point.

Progressively higher growth with lower volatility



Period	Average GDP Growth (%)	Standard Deviation	Coefficient of Variation*
1951-52 to 1979-80	3.5	3.6	1.03
1980-81 to 1991-92	5.2	2.4	0.44
1992-93 to 2002-03	5.8	1.2	0.20
2003-04 to 2010-11	8.5	1.0	0.12

* Coefficient of Variation = Standard Deviation / Average Growth Rate
 Source: Tata Dept. of Economics and Statistics., Central Statistical Organisation



Several macro and socio-economic factors augur well for secular economic growth

High savings drive investments

Year	Investment Rate (% of GDP)	GDP growth (%)	ICOR	Savings Rate
2006-07	35.7	9.6	3.6	34.6
2007-08	38.1	9.3	4.1	36.9
2008-09	34.5	6.8	5.1	32.2
2009-10	36.5	8.0	4.6	33.7
2010-11	36.6*	8.5	4.3	33.8*

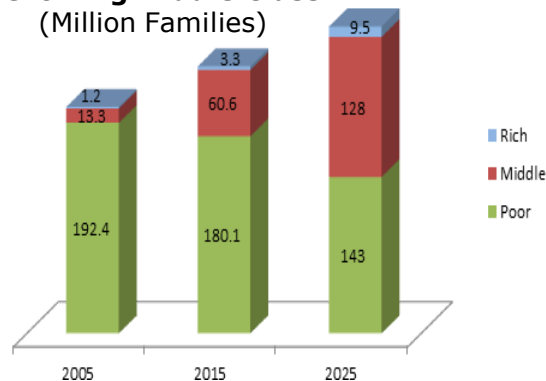
Required Investment Rate = GDP growth x Incremental Capital Output Ratio (ICOR)

Table above captures high domestic savings have been able to drive high rates of investment. Efficiency in use of capital has also been improving.

Increase in economically active population or fall in dependency ratio improves savings rate

Age	2006 Millions (%)	2011 Millions (%)	2016 Millions (%)	2026 Millions (%)
0-14	360 (32.3)	340 (26.8)	337 (25.1)	327 (23.4)
15-64 (Economically Active Population)	702 (63.0)	850 (67.0)	908 (67.8)	957 (68.3)
65+	52 (4.7)	78 (6.2)	95 (7.1)	116 (8.3)
All age groups Population	1,114 (100.0)	1,269 (100.0)	1,340 (100.0)	1,400 (100.0)

Growing Middle Class
(Million Families)



Note: Figures in Million (In parentheses figures are percentage share in total)
Source: Tata Dept. of Economics and Statistics



Consumption in India: Acceleration kicking in

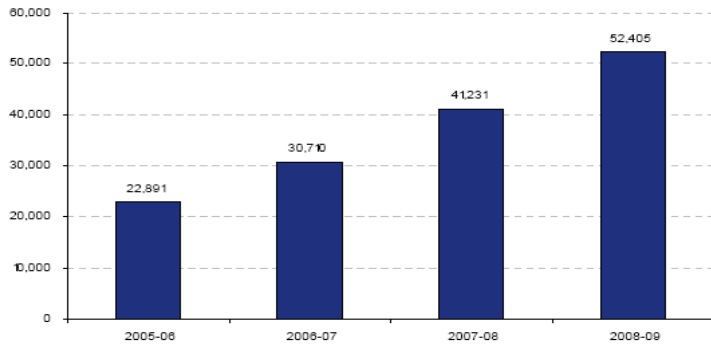
	PENETRATION- INDIA	PENETRATION - OTHERS	GROWTH - LAST 5 YEARS (% CAGR)	SOURCE
Mortgage Finance (% OF GDP)	9% of GDP	USA - 81% Denmark - 104% Germany - 48% China - 20%	24%**	HDFC, European Mortgage Federation, 2009, World Bank, 2008 & RBI
Automobiles Two Wheelers	5.5%	Indonesia – 23.8% Malaysia – 31.2%	11%	SIAM, Census of India, Euromonitor
Automobiles Cars	1%	USA – 43.5% Brazil – 13.1%	13%#	SIAM, Kotak Institutional Equities, SIAM Census of India, Euromonitor
Air Conditioners	3%	China - 53% Developed Countries - 80%	20%	Hitachi, CLSA
Internet Users	10.2%	USA- 77% Japan- 78% Brazil- 37%	24.8%	World Bank, Internetworldstats
Domestic Tourists			13.6%	Ministry of Tourism, India.
Feminine Hygiene	12%	China-64%, Indonesia-85%	13.9%	Euromonitor, Fortune Group



Rural Resilience – Broad-basing of Rural Economy

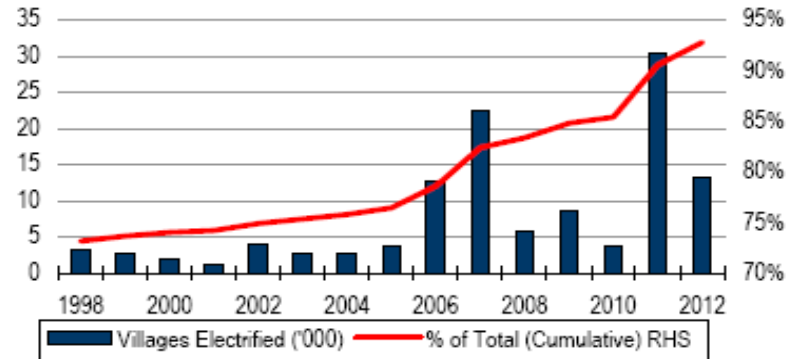
Improvement in Hard and Soft Infrastructure leading to resilient rural demand

Rural Roads - In km



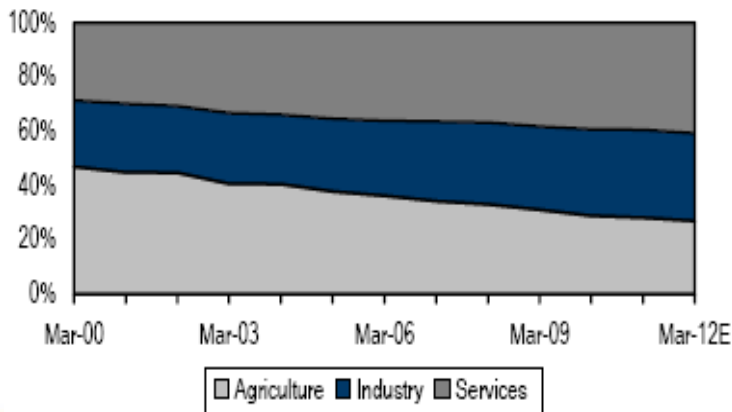
Source : National Rural Roads Development Authority

Sharp increase in rural Electrification



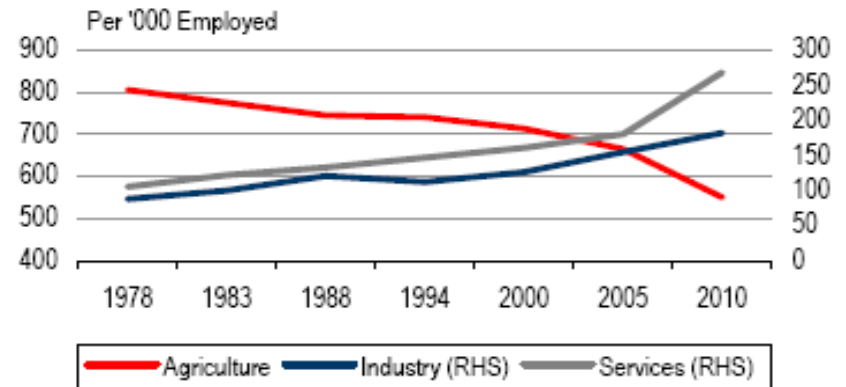
Source : Ministry of Power

Dependence of Rural India on Agriculture coming down



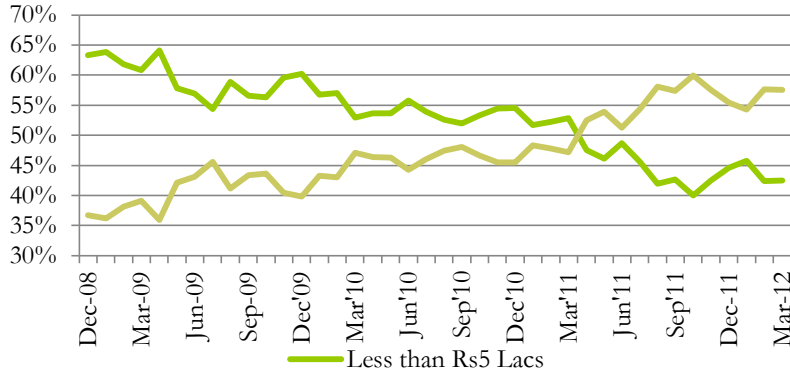
Source : Govt. of India, CSFB

Job switching from agriculture (rural male)



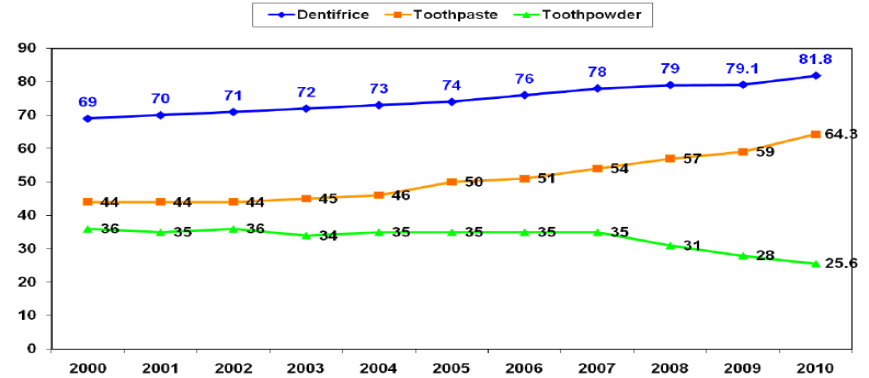
Source : Employment Surveys, CSFB

Car Sales



Source : CRISIL

Dentifrice - Toothpaste to Toothpaste



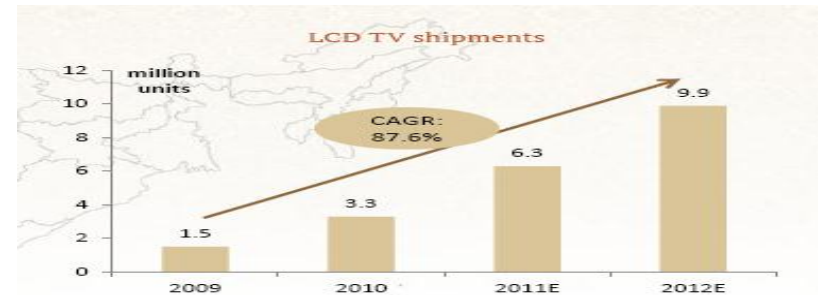
Source: Indian Readership Survey
Dentifrice = Toothpaste or toothpowder

Biscuits - Glucose to Cookies, Creams & Crackers

Volume mix	CY09	CY10	Change
Glucose	40	35	-5
Cookies	16	18	+2
Creams	14	15	+1
Marie	12	12	0
Non-salt Cracker	8	8	0
Salt Cracker	5	6	+1
Milk	4	4	0
Others	1	1	0
Total	100	100	

Source: Ambit Capital research, Industry

TV Sets - LCD TV Shipments



Source: TV Veopar Journal 2011, estimates by IHS iSuppli Market Intelligence, Aranca Research



The Indian Consumption Story: Circa 2030

5 times the current GDP

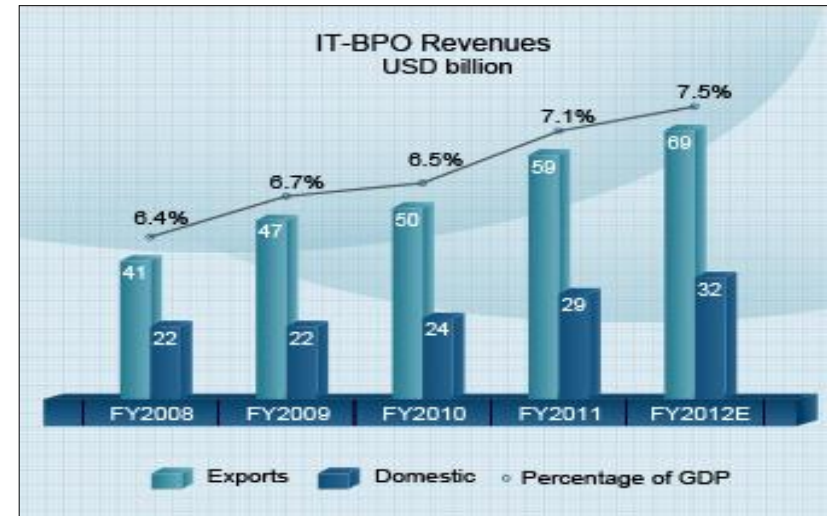
590 million people will live in cities

270 million people net increase in working age

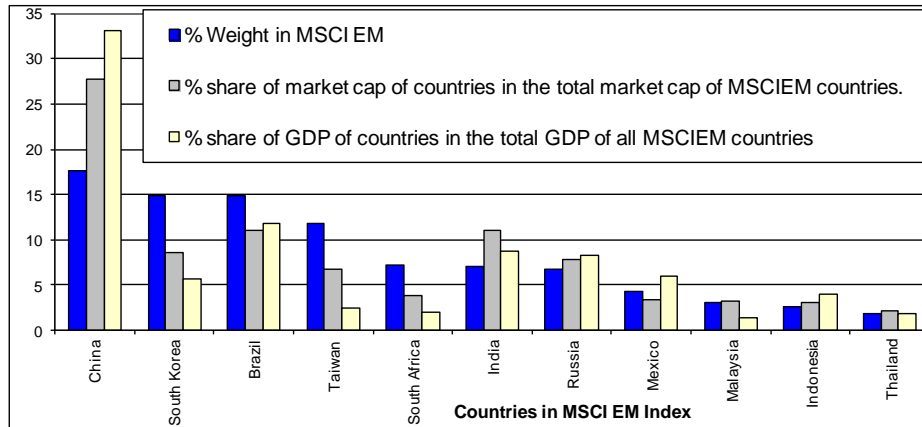
91 million urban households will be middle class, up from 22 million today

68 Cities will have population of >1 million, up from 42 today

- Sectors:
 - Information Technology
 - IT enabled services
 - Pharmaceuticals
 - Biotechnology
 - Healthcare
- Indian IT-BPO industry- aggregate revenues crossed USD 100 billion, exports at USD 69 billion.
- Within the global sourcing industry, India market share rose from 51% in 2009, to 58% in 2011.
- The industry's share of total Indian exports (merchandise plus services) increased from less than 4 % in FY1998 to about 25% in FY2012.

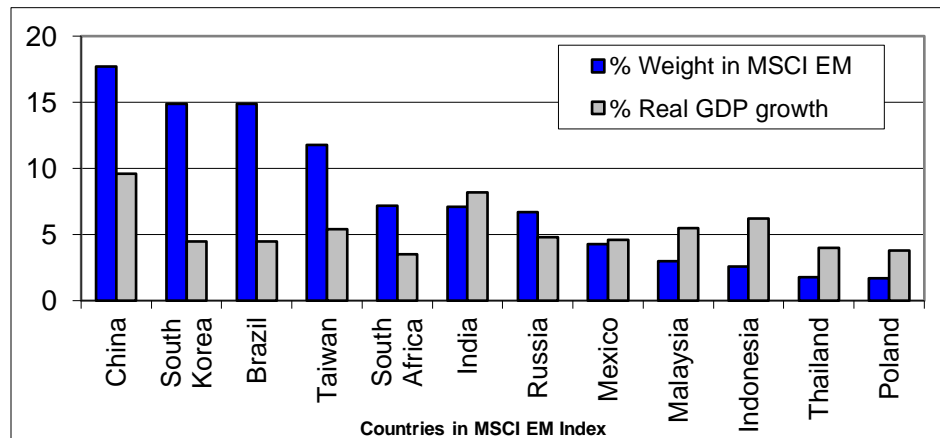


India under-represented in MSCI EM Index



Source: Bloomberg, June 2011, IMF World Economic Outlook, April 2011

- India, with a GDP of USD 1.5 tn and stock market cap of USD 1.2 tn has 7.1% weight in MSCI EM Index. While Taiwan with GDP of USD 430 bn and stock market cap of USD 900 bn has 11.8% weightage in the MSCI-EM. Similarly South Korea with a GDP of USD 1 tn and market cap of USD 1.1 tn has 14.9% weightage in MSCI-EM.



Source: IMF World Economic Outlook, April 2011

- Countries like Korea and Taiwan have lower GDP share and GDP growth rate but significantly higher weight than India in the MSCI EM Index.



India: Concerns & Promises

Concern	Promise
High Fiscal Deficit	<ul style="list-style-type: none">• In 2012 Finance Bill, India's Finance Minister promised to cap subsidies to 2% of GDP, and to further bring it down to 1.7% in 3 years• Government rededicates its commitment to Fiscal Responsibility and Budget Management Act and aims to amend it
High Inflation	<ul style="list-style-type: none">• Cyclically inflation is already coming down, because of lower food inflation• In the medium term, fiscal measures outlined above, to also have a cooling off effect on inflation
Elevated crude oil prices worsening India's fiscal and trade deficit	<ul style="list-style-type: none">• Solar power costs down 80% in the last 10 years• Somewhere this is getting reflected in five year forward oil futures quoting at a record discount of USD 30• FT News Story – dated 28th March, 2012 –“Oil for delivery in December 2018 at \$95. This has opened a record gap of more than \$30 between spot and five-year contracts. ”
Corruption issues associated with 2G Telecom license allocation	<ul style="list-style-type: none">• More transparent and market driven auctioning of nation's resources in future



Opportunities Ahead

- Unique Identification Number (UID) –with multiple benefits.
- Financial Inclusion.
- Urbanisation & its economic dividend.
- Goods and Services Tax (GST) – to reduce prices and improve tax revenues.
- Implementation of Right to Education Act.
- Increasing women literacy and increased participation of women in the work force – Boost to consumption.
- Digital Inclusion / “J” curve in data consumption.



To Summarize...

- India is poised for sustained structural growth on the back of its young population and a growing middle class.
- Economic empowerment of masses is driving sustained domestic consumption across a number of product and service categories
- Inflation and fiscal deficit in the economy are concerns that the government is seeking to meet with mitigating measures
- There are many developments and undercurrents in the economy that hold great promise for future growth i.e. UID program, urbanisation, improving literacy and economic empowerment of women, introduction of GST, and financial & digital inclusion



Thank You