OWN A PIECE OF INDIA™

OFFERING A **5+1** SCHEME FROM TATA MUTUAL FUND

TATA BANKING & FINANCIAL SERVICES FUND
(An Open Ended Banking & Financial Services Sector Scheme)

TATA INDIA CONSUMER FUND
(An Open Ended Consumption Oriented Sector Scheme)

TATA DIGITAL INDIA FUND
(An Open Ended Information Technology Sector Scheme)

TATA INDIA PHARMA & HEALTHCARE FUND
(An Open Ended Pharma And Healthcare Services Sector Scheme)

TATA RESOURCES & ENERGY FUND
(An Open Ended Resources And Energy Sector Scheme)

TATA INFRASTRUCTURE FUND#
(An Open Ended Equity Scheme)

#EXISTING SCHEME AVAILABLE FOR SUBSCRIPTION ON ALL BUSINESS DAYS AT NAV BASED PRICE

NEW FUND OFFER OPENS ON:
04 DECEMBER, 2015

NEW FUND OFFER CLOSES ON:
18 DECEMBER, 2015

#EXISTING SCHEME AVAILABLE FOR SUBSCRIPTION ON ALL BUSINESS DAYS AT NAV BASED PRICE

TATA mutual fund

These Products are suitable for investors who are seeking* long term capital appreciation and investment in equity/equity related instruments of the companies in

- Banking and Financial Services sector in India through Tata Banking & Financial Services Fund
- Consumption Oriented sectors in India through Tata India Consumer Fund
- Information Technology sector in India through Tata Digital India Fund
- Pharma & Healthcare sectors in India through Tata India Pharma & Healthcare Fund
- Resources & Energy sectors in India through Tata Resources & Energy Fund
- Infrastructure sector in India through Tata Infrastructure Fund

***Investors should consult their financial advisors if in doubt about whether the product is suitable for them.**

Risk-O-Meter

Investors understand that their principal will be at High risk

www.ownapieceofindia.co.in

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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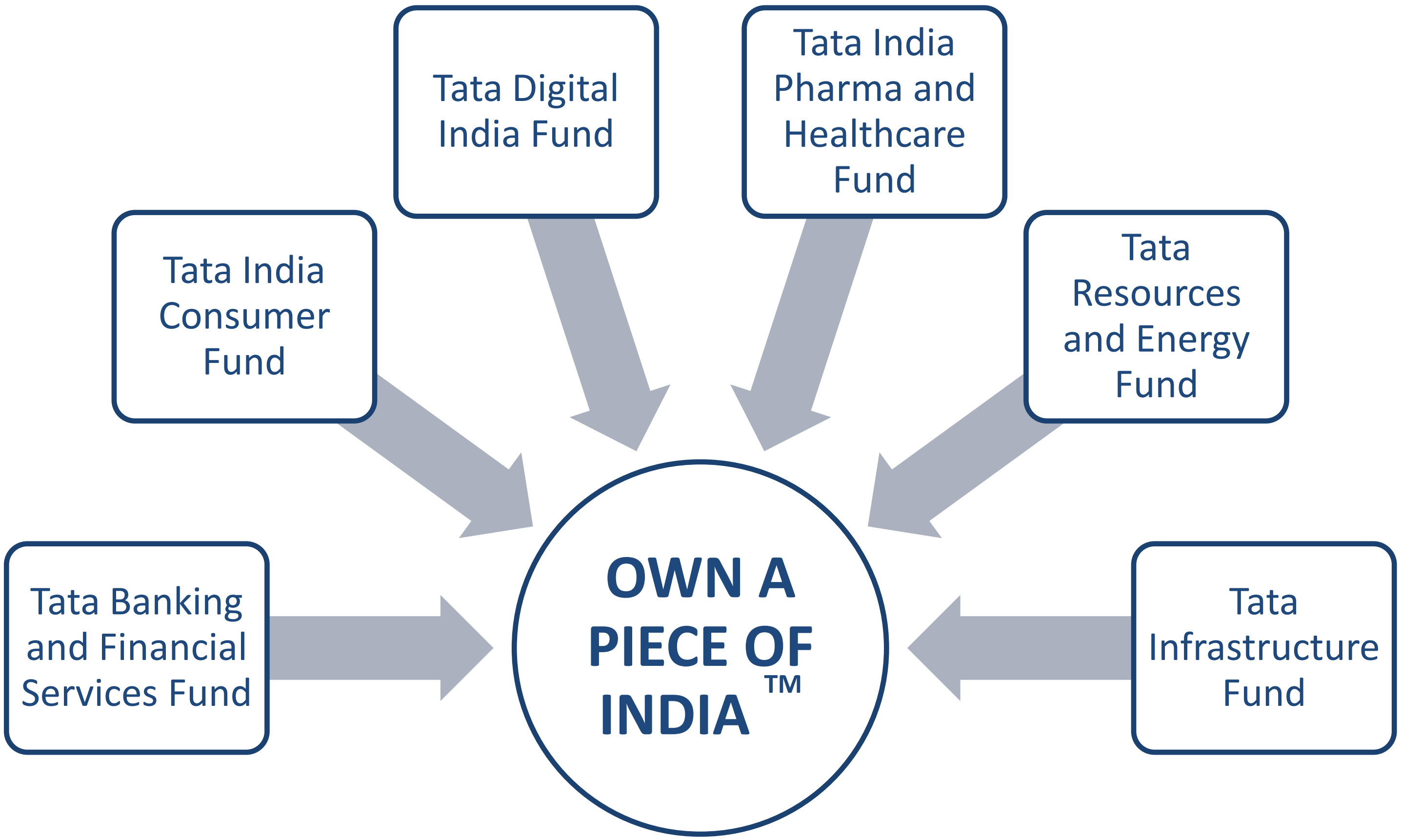
INTRODUCTION

NEW 5+1 FUND OFFER

LAUNCHING 5 NFO'S SIMULTANEOUSLY



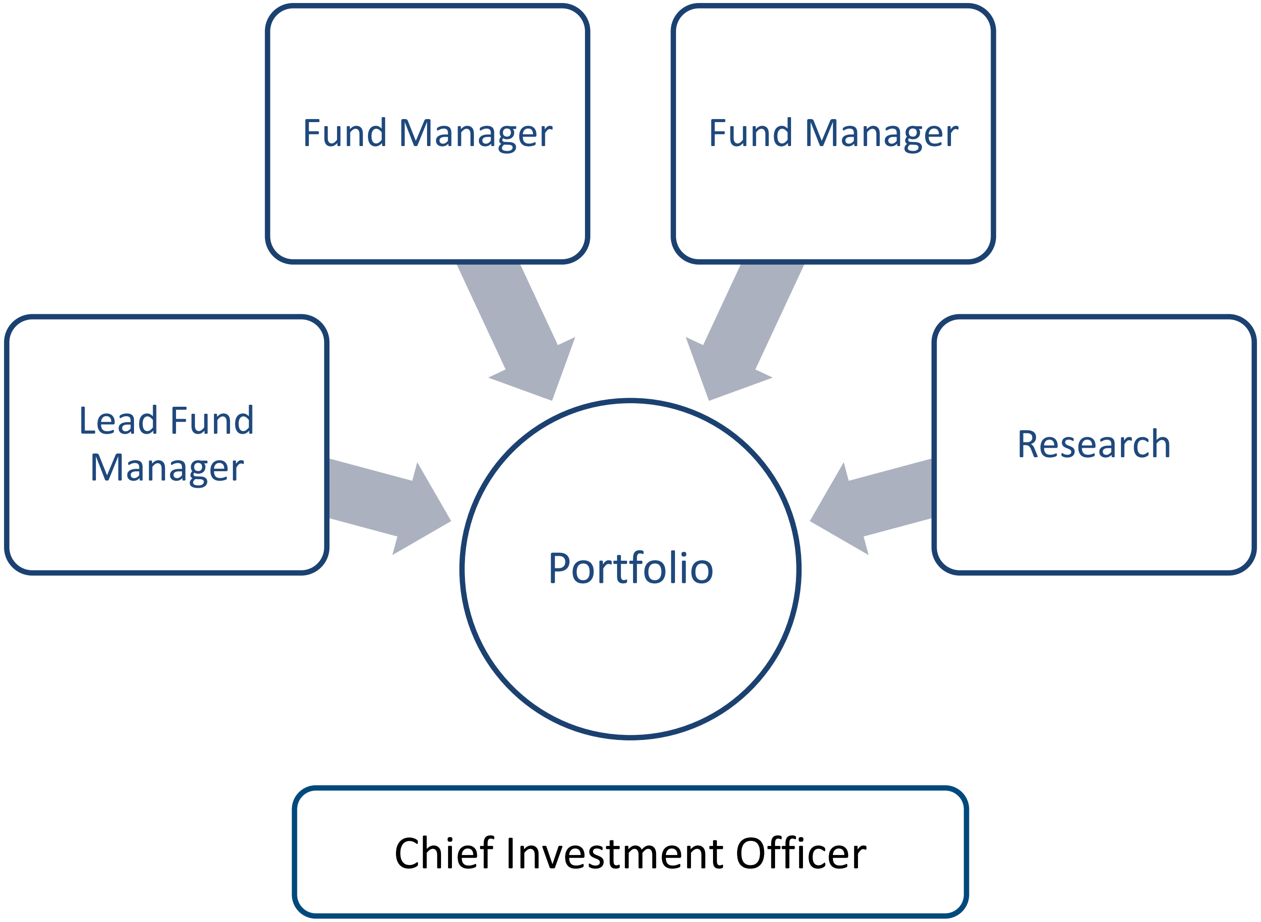
Notes: 5 New Funds. Tata Infrastructure Fund is an existing fund

OWN A PIECE OF INDIA™

- Maiden New Equity Fund Offer from the House of Tata after over Six Years*
- Own a Piece of India ™ - A one stop solution to customize your participation in India's growth
- First Time Multi Manager Approach by Tata Mutual Fund^
- Launching 5 NFO's Simultaneously (+1 Existing Fund) - Simple & Smart way of Investing
- Empowering Investors and Advisors - A Complete Solution for Customized/Tailor made Portfolio
- Ease of Investing
  - One Application & One Cheque
  - Online Investment Facility

Notes: ● *Maiden New Open Ended Indian Equity Fund Offer for all category of Investors. ● ^ First Time Multi Manager Approach in any Equity Scheme by Tata Mutual Fund

MULTI MANAGER APPROACH



MULTI MANAGER APPROACH

- Fund managed by 'Lead Fund Manager' and supported additionally by one or more fund managers in the portfolio management process
- Combining expertise in Research, Stock Selection & Portfolio Management from the fund manager and research team of Tata Asset Management
- Assembling diverse team of fund managers and benefit from the combined investment management experience
- Increased depth of investment management thought and decision making process in each Fund
- Individual Fund Managers to offer highest convictions and limiting risk associated with decision making
- Fund managers experience are blended to minimize dependence on the bias of a single fund manager

FUND MANAGER PROFILE & PERFORMANCE

PRADEEP GOKHALE

SENIOR FUND MANAGER, TATA ASSET MANAGEMENT LIMITED

- Pradeep Gokhale has over 24 years of experience and is Senior Fund Manager at Tata Asset Management Limited.
- Pradeep joined Tata Asset Management Limited in September 2004 as Deputy General Manager Investment.
- Earlier from April 1995 to September 2004, he served as Deputy General Manager of Credit Analysis and Research Ltd. Previously, he worked at Lubrizol India, Tata International Ltd., and Bombay Dyeing in the finance and taxation departments.
- Pradeep is a Chartered Financial Analyst and a Chartered Accountant. He holds a B.Com degree.
- He is currently the Fund Manager of Tata Equity Opportunities Fund, Tata Pure Equity Fund, Tata Ethical Fund, Tata Index Fund & select offshore and equity portfolio of select close ended funds.

PERFORMANCE OF FUND MANAGED BY

PRADEEP GOKHALE

Fund / Benchmark	Discrete Period Returns				Returns on investment of Rs 10,000			
	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception
	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Absolute returns in Rs.	Absolute returns in Rs.	Absolute returns in Rs.	CAGR returns in Rs.
Tata Pure Equity Fund - Reg - Growth	7.76	39.68	2.31	22.71	10,776	13,968	10,231	352,768
Scheme Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**11.28**	**9,821**	**13,741**	**10,329**	**64,294**
Tata Equity Opportunities Fund - Reg - Growth	13.04	49.23	2.94	12.63	11,304	14,923	10,294	147,165
Scheme Benchmark (S&P BSE 200 INDEX)	**3.08**	**42.50**	**-1.11**	**11.17**	**10,308**	**14,250**	**9,889**	**109,571**
Additional Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**10.39**	**9,821**	**13,741**	**10,329**	**93,447**
Tata Ethical Fund - Reg - Growth	15.22	49.51	7.90	17.67	11,522	14,951	10,790	233,561
Benchmark (CNX 500 Shariah)	**5.80**	**43.83**	**6.23**	**NA**	**10,580**	**14,383**	**10,623**	**NA**
Additional Benchmark (CNX NIFTY)	**-0.20**	**38.87**	**0.56**	**10.83**	**9,980**	**13,887**	**10,056**	**73,242**
Tata Index Fund - SENSEX - Reg - Growth	-1.90	36.81	3.11	17.22	9,810	13,681	10,311	74,064
Scheme Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**17.90**	**9,821**	**13,741**	**10,329**	**79,665**
Tata Index Fund - NIFTY - Reg - Growth	-0.44	38.23	0.36	17.55	9,956	13,823	10,036	76,735
Scheme Benchmark (CNX NIFTY)	**-0.20**	**38.87**	**0.56**	**17.37**	**9,980**	**13,887**	**10,056**	**75,267**
Tata Dual Advantage Fund - Scheme A - Growth	-0.28	32.37	NA	12.28	9,972	13,237	NA	12,960
Scheme Benchmark (Crisil MIP Blended Index)	**10.72**	**15.45**	**NA**	**9.76**	**11,072**	**11,545**	**NA**	**12,318**
Crisil 10 Yr Gilt Index	**13.76**	**6.85**	**NA**	**5.94**	**11,376**	**10,685**	**NA**	**11,379**
Tata Dual Advantage Fund - Scheme B - Growth	8.41	NA	NA	11.39	10,841	NA	NA	11,845
Scheme Benchmark (Crisil MIP Blended Index)	**10.72**	**NA**	**NA**	**13.33**	**11,072**	**NA**	**NA**	**12,171**
Crisil 10 Yr Gilt Index	**13.76**	**NA**	**NA**	**12.25**	**11,376**	**NA**	**NA**	**11,989**

Past performance may or may not be sustained in future

ATUL BHOLE

FUND MANAGER, TATA ASSET MANAGEMENT LIMITED

- Atul Bhole is the Fund Manager of Tata Balanced Fund, Tata Midcap Growth Fund and Tata Equity P/E Fund & equity portfolio of Tata Regular Savings Equity Fund.
- With a total of 10 years of experience backing him, he joined Tata Asset Management Limited in February 2007 as an equity research analyst covering Technology, Telecom and Banking, Financial Services and Insurance (BFSI) sectors.
- Earlier he has worked with JP Morgan Services (India) Pvt. Limited and State Bank of India. Bhole is a commerce graduate and holds a Chartered Accountant’s degree apart from a Masters in Management Studies from JBIMS, Mumbai.

PERFORMANCE OF FUND MANAGED BY ATUL BHOLE

Fund / Benchmark	Discrete Period Returns				Returns on investment of Rs 10,000			
	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception
	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Absolute returns in Rs.	Absolute returns in Rs.	Absolute returns in Rs.	CAGR returns in Rs.
Tata Balanced Fund - Reg - Growth	16.70	50.32	2.33	16.99	11,670	15,032	10,233	230,365
Scheme Benchmark (Crisil Balanced Fund Index)	**4.38**	**28.89**	**1.87**	**NA**	**10,438**	**12,889**	**10,187**	**NA**
Tata Mid Cap Growth Fund - Reg - Dividend	24.20	86.87	-4.35	12.62	12,420	18,687	9,565	125,170
Scheme Benchmark (CNX MIDCAP INDEX)	**13.72**	**63.17**	**-10.75**	**NA**	**11,372**	**16,317**	**8,925**	**NA**
Additional Benchmark (CNX NIFTY)	**-0.20**	**38.87**	**0.56**	**9.04**	**9,980**	**13,887**	**10,056**	**62,978**
Tata Equity P/E Fund - Reg - Growth	8.77	74.77	-8.15	20.79	10,877	17,477	9,185	83,887
Scheme Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**16.16**	**9,821**	**13,741**	**10,329**	**54,020**
Tata Regular Saving Equity Fund - Reg - Individual & HUF - Reg - Monthly Income Option (Earlier Known as Tata Monthly Income Fund)	6.29	10.52	4.44	7.43	10,629	11,052	10,444	30,230
Scheme Benchmark (35% in CNX Nifty, 30% of Crisil Liquid Fund Index and 35% of Crisil Short Term Bond Index)	**6.17**	**19.47**	**5.74**	**NA**	**10,617**	**11,947**	**10,574**	**NA**

Past performance may or may not be sustained in future

RUPESH PATEL

FUND MANAGER, TATA ASSET MANAGEMENT LIMITED

- At 39, Rupesh has more than 15 years experience spread across listed equity investments, private equity real estate investments, credit risk assessment and evaluation of infrastructure projects.
- He is currently the Fund Manager of Tata Infrastructure Fund, Tata Long Term Equity Fund, Tata Dividend Yield Fund, Rupesh also manages select Offshore Funds and Equity Portfolio of Tata Retirement Fund, Young Citizens Fund.& select close ended hybrid funds. He has earlier worked in Equity Research and as Head of TATA PMS investments
- Prior to joining Tata Asset Management, he worked with Indiareit Fund Advisors Private Limited in their investments team and also held directorships to represent Indiareit Fund Advisors Private Limited on the Board of investee companies. He also worked as Head of the corporate sector ratings group at Credit Analysis & Research Limited (CARE).
- Rupesh is a graduate in engineering from Sardar Patel University, Gujarat and holds a masters in business administration from Sardar Patel University, Gujarat.

PERFORMANCE OF FUND MANAGED BY

RUPESH PATEL

Fund / Benchmark	Discrete Period Returns				Returns on investment of Rs 10,000			
	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception	September 30, 2014 to September 30, 2015	September 30, 2013 to September 30, 2014	September 30, 2012 to September 30, 2013	Since Inception
	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Absolute returns in Rs.	Absolute returns in Rs.	Absolute returns in Rs.	CAGR returns in Rs.
Tata Dividend Yield Fund - Reg - Growth	12.58	46.78	-1.45	17.53	11,258	14,678	9,855	57,788
Scheme Benchmark (CNX 500 Index)	**3.59**	**46.08**	**-2.49**	**14.08**	**10,359**	**14,608**	**9,751**	**41,813**
CNX Nifty Index	**-0.20**	**38.87**	**0.56**	**14.23**	**9,980**	**13,887**	**10,056**	**42,414**
Tata Infrastructure Fund - Reg - Growth	14.26	58.18	-22.25	14.17	11,426	15,818	7,775	41,580
Scheme Benchmark (CNX 500 Index)	**3.59**	**46.08**	**-2.49**	**12.89**	**10,359**	**14,608**	**9,751**	**36,832**
CNX Nifty Index	**-0.20**	**38.87**	**0.56**	**13.28**	**9,980**	**13,887**	**10,056**	**38,224**
Tata Long Term Equity Fund - Reg - Growth	16.58	52.15	2.11	20.35	11,658	15,215	10,211	371,269
Scheme Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**11.08**	**9,821**	**13,741**	**10,329**	**77,707**
Tata Retirement Savings Fund - Progressive - Reg - Growth	14.03	48.03	-3.55	17.47	11,403	14,803	9,645	18,783
Scheme Benchmark (S&P BSE SENSEX)	**-1.79**	**37.41**	**3.29**	**10.84**	**9,821**	**13,741**	**10,329**	**14,962**
Tata Retirement Savings Fund - Moderate - Reg - Growth	16.93	53.52	-1.54	19.80	11,693	15,352	9,846	20,285
Benchmark (Crisil Balanced Fund Index)	**4.38**	**28.89**	**1.87**	**10.81**	**10,438**	**12,889**	**10,187**	**14,946**
Tata Infrastructure Tax Saving Fund - Growth	10.55	54.92	-20.82	10.84	11,055	15,492	7,918	19,536
Scheme Benchmark (CNX 500)	**3.59**	**46.08**	**-2.49**	**18.03**	**10,359**	**14,608**	**9,751**	**29406**
Additional Benchmark (CNX NIFTY)	**-0.20**	**38.87**	**0.56**	**16.29**	**9,980**	**13,887**	**10,056**	**26698**

Past performance may or may not be sustained in future

Back

SECTION III

INVESTMENT MANAGEMENT PERSPECTIVE

Tata India Pharma and Healthcare Fund
(An Open Ended Pharma and Healthcare Services Sector Scheme)

KEY DETAILS

Investment Objective

- To seek long term capital appreciation by investing at least 80% of it's net assets in equity/equity related instruments of the companies in the pharma & healthcare sectors in India.

Benchmark & Fund Managers

- **CNX Pharma Index**
- **Lead FM –** Rupesh Patel. **Co-FM** – Pradeep Gokhale & Atul Bhole

Product Label

This product is suitable for investors who are seeking*:

- Long Term Capital Appreciation.
- Investment in equity/equity related instruments of the companies in the Pharma & Healthcare sector in India.

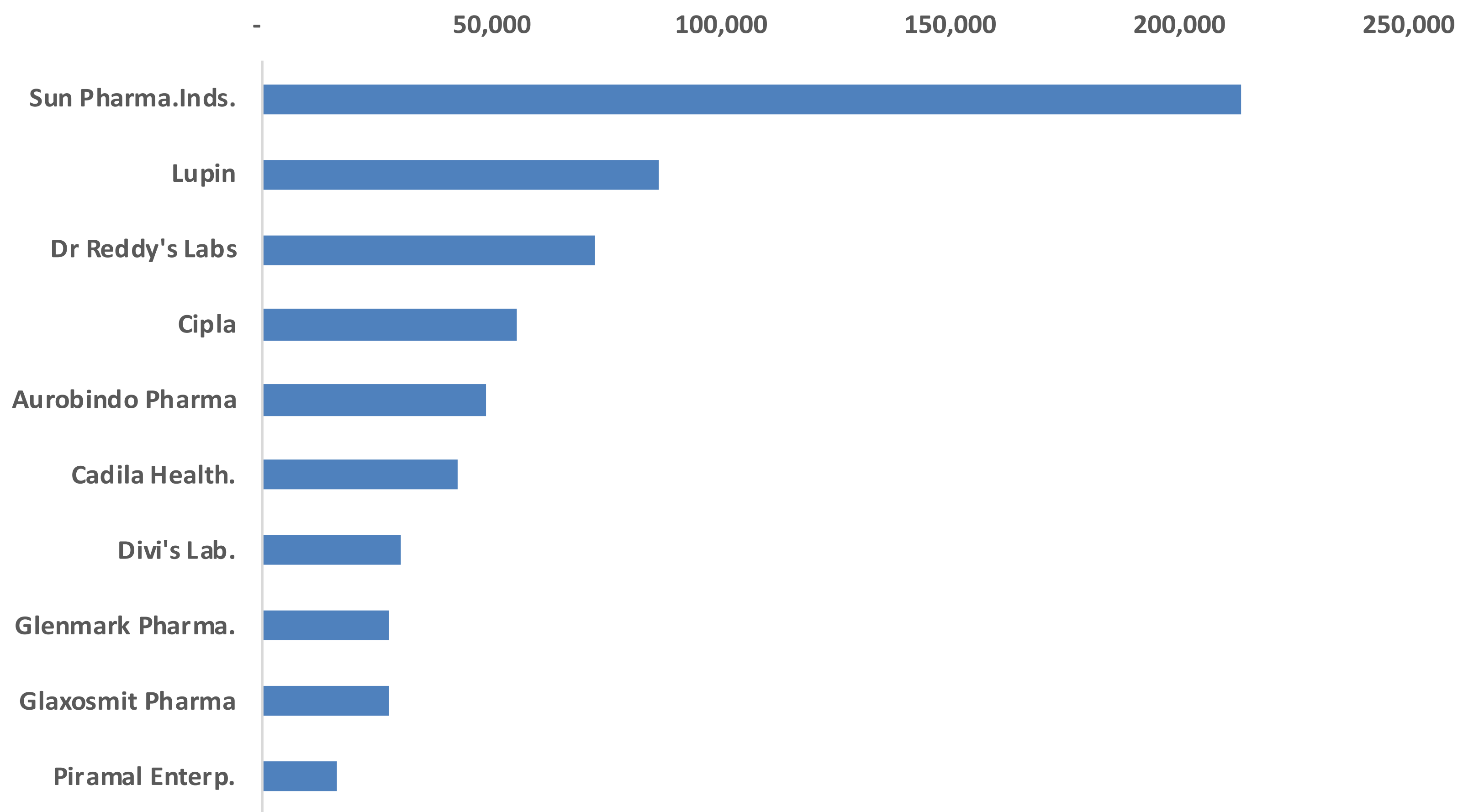
***Investors should consult their financial advisors if in doubt about whether the product is suitable for them.**

Investors understand that their principal will be at High risk

Key Sectors / Industries Included

- Pharmaceuticals
- Healthcare Services

CNX PHARMA INDEX CONSTITUENTS



Notes: • * The list of stocks given is for information purpose only and not to be construed as an indicative portfolio of the scheme.
• Data Source – NSE & CLINE • Index Constituents & Market capitalization as on October 30, 2015

SECTOR GROWTH POTENTIAL

Indian Market

With gradual improvement in economic environment Indian market should grow slightly above the historical average of 12%

There are also attractive options in the Indian hospital space

EM's such as Brazil, Russia and a few other markets have seen Indian companies building good traction

Emerging Markets

USD50 bn US generic market + USD13 bn Indian market + Emerging Markets

US Market

Indian players still have substantial room for growth in the US market with their volume share limited to 22% (value share 12%)

Indian players are focusing on niche segments such as injectables, derma, controlled substances, opthal, transdermal etc.

Select Indian companies are showing traction in Japan and a few European countries

Japan & Europe

Source : Sun Pharmaceuticals Annual Report, Industry reports

MARKET RESEARCH ANALYSIS

CONTENTS

- US still an attractive Long Term Market
- Complex Generics in US – An attractive space
- Increased focus on R&D by Indian Pharma Companies
- Indian Domestic Market-Structural Growth Story
- ROW –Lot of Opportunities

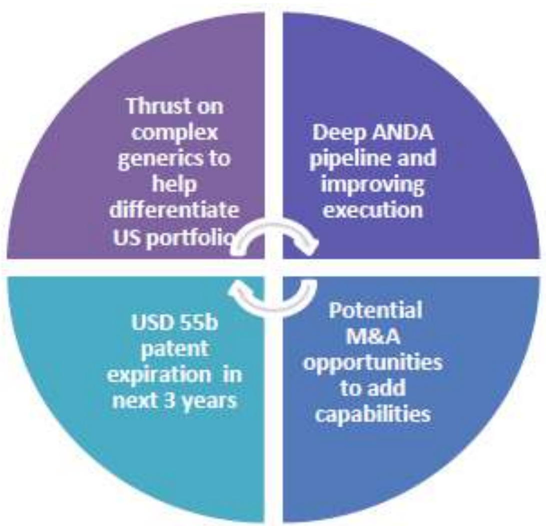
INDIAN GENERICS ARE WELL POSITIONED TO CONTINUE GROWTH IN USA

- Industry reports pegged the US pharmaceutical market in CY14 at USD368bn with future growth to be aided by an ageing population, healthcare reforms and the focus on specialty drugs for complex ailments.
- US generics have been at the forefront of growth for Indian companies, and in our view, would remain a prominent earnings driver.
- The US is the world's largest generics market (USD 50b) and Indian companies have increased their market share in US generics from 16% in 2008 to 22%+ now (total prescriptions – TRx), still leaving scope for further inroads.
- The US now accounts for 33% of overall revenues for Indian companies, having grown at 34% CAGR over the last five years (FY09-14), buoyed by patent expirations (including exclusivities) and steady market share gains on new products.
- Incrementally, we expect over 40% of US sales for large Indian Pharma companies to emanate from differentiated products or complex generics, which would help Indian companies to grow at a healthy pace and improve their profitability.

Source: MOSL, Anand Rathi

US STILL OFFERS LOT OF POTENTIAL

- Indian players still have significant headroom for growth in the US (USD 50bn market), with their current volume share limited to 22% (12% value share).
- Their deep pipeline (approx 790 pending Abbreviated New Drug Approach (ANDAs)) focused on differentiated products (50% of market) would fuel market share gain.
- Incremental growth would be led by
  - Complex generic portfolio (mainly injectables)
  - Participation in USD 50bn worth patent expirations, and
  - Market share gains in existing portfolio



Source: MOSL

GEARING UP FOR COMPLEX GENERIC OPPORTUNITY IN US

- Of the US generics market size of USD 50b (as per IMS Health), the share of complex generics has increased from 33% in 2008 to as high as 50% (USD 25b value) now.
- Moreover, competitive intensity in these products is fairly low (4-7 in each product), implying higher pricing and market share.

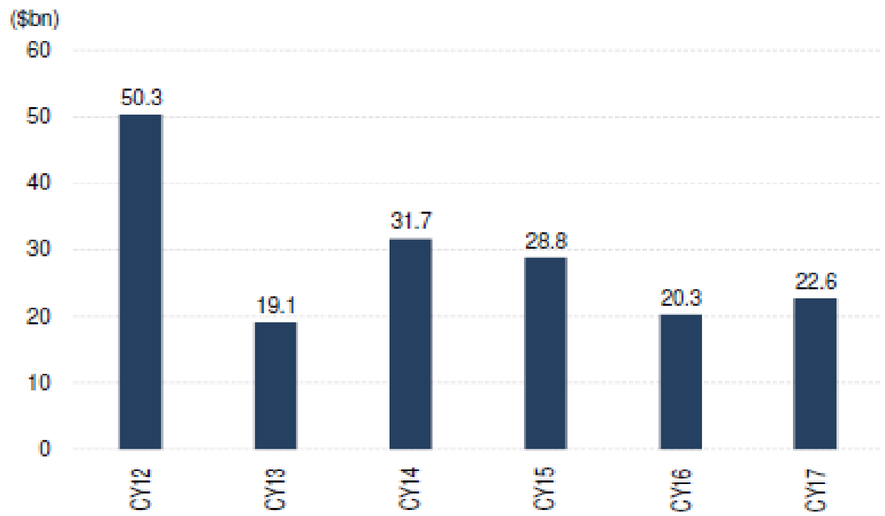
Niche / Complex Generics	Generic market (USD b)	Patented Market (USD b)	SUNP+RBXY	DRRD	GNP	LPC	Cipla	CDH	ARBP
Dermatology	4	6	■	■	■	●	●	●	
Transdermals	1	4		●				●	
Ophthalmology	1	5	■			■	●		●
Oral Contraceptive	2	2	●	●	■	■			●
Respiratory / Inhalers	2	11			●	●	●		
Nasal Spray s	1	2	■				■	●	
Controlled Substance	3	5	■	●	■	●		●	■
Injectables	8	10	■	■	●	●	●	■	■
Modified Release	6	17	■	■	■	■	■	■	■
Biosimilar	0	40		●	●	●	●	●	

■ Marketed ● In Pipeline

Source: MOSL, Company, IMS Health

Source: MOSL (Mar’14)

US – SIZE OF DRUGS GOING OFF PATENT



Based on estimates for CY15 – CY17,Generics growth would be largely driven by a huge number of patent expiries and increasing generics penetration. Indian generics companies are set to harvest this opportunity considering the strong ANDA pipeline already in place, the focus on complex and differentiated product filings and the past successes in garnering a meaningful market share.

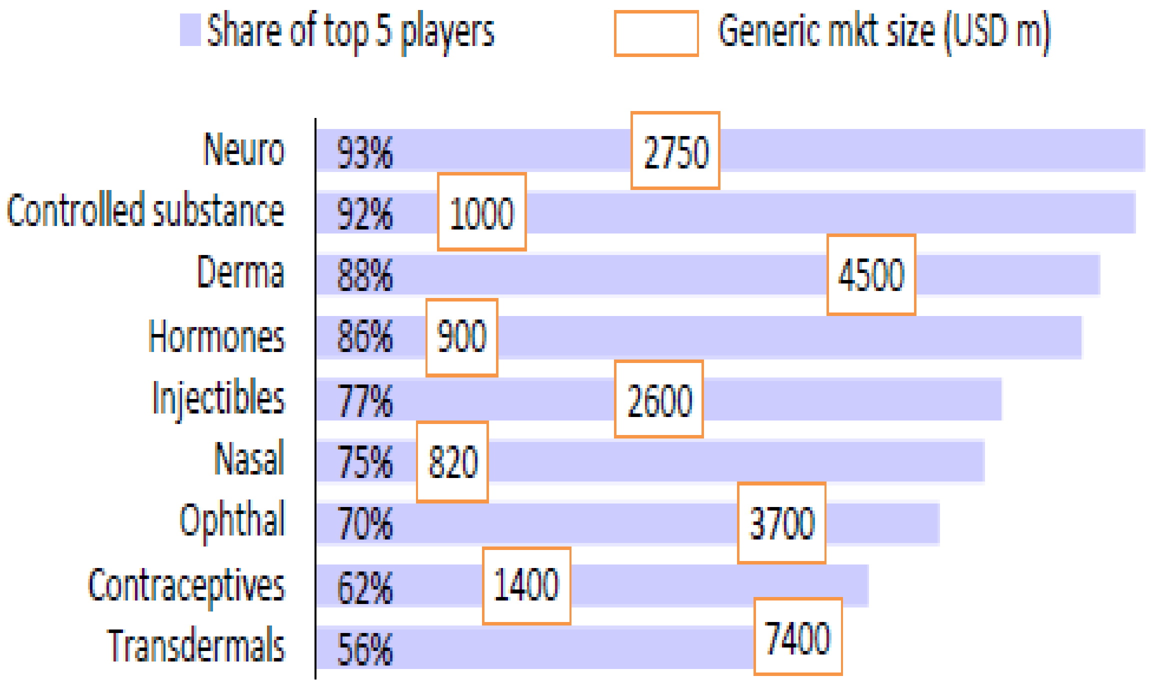
Source : Anand Rathi

WHAT MAKES COMPLEX GENERICS AN ATTRACTIVE SPACE

- Complex generics segments are attractive because of the low competitive intensity currently, which implies better pricing as well as ability to garner market share.
- This is evidenced by the fact that in most complex generics segments, the generics market share is concentrated among the top five players.
- We believe complex generics have significant entry barriers due to: Elongated product development timeline.
- Dedicated capacity requirement, necessitating upfront capex.
- High costs of clinical development, sometimes requiring clinical trials as well. This puts additional cost for developing the product (less than USD 5m vs less than USD1m for simple product).
- Strong distribution reach/relationship: Some complex generics require branding (like OC) or need to be distributed through the institutional channel (government tender, hospitals, etc).

Source: IMS Health, MOSL

WHAT MAKES COMPLEX GENERICS AN ATTRACTIVE SPACE (CONTINUED…)



Source: IMS Health, MOSL (Mar'14)

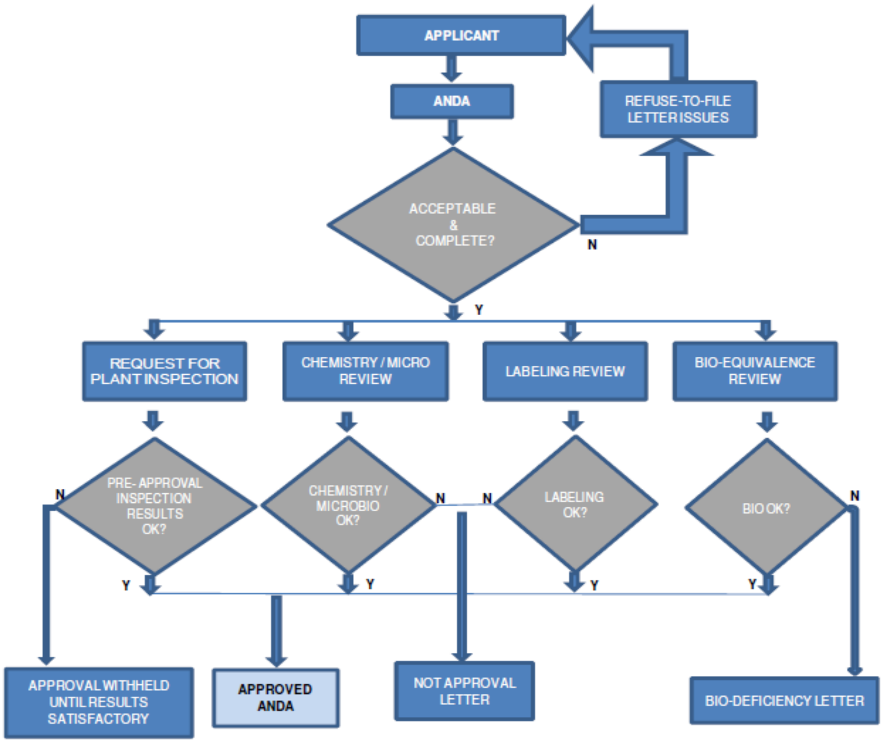
INVESTING IN RESEARCH & DEVELOPMENT

- In the last five years, leading Indian pharma companies have seen a 34% CAGR in R&D spend — it is now >10% of sales. from approx 4-5% earlier.
- R&D spend relates to developing complex/specialty generics including
  - Difficult formulation technologies (liposomes/nanoparticles/microspheres)
  - Difficult to- synthesise/scale up (peptides, heparins, chiral chemistry)
  - Differentiated delivery route (ophthalmic/injectables,)
  - Drug-device combinations (inhalers/nasal/transdermals)
  - Biosimilar.
- Such products currently constitute 30%-50% of Indian companies pending ANDA portfolio, which we believe would improve the quality of income going ahead.
- The government has also increased R&D weighted tax deduction to 200% from 150% in 2013. Besides EoUs / SEZs have been opened across states to benefit pharma exporters.
- Finally Duty exemption on exports (rates are product wise) increased in 2015 leading to higher export incentive income.

Source: MOSL

ANDA APPROVAL PROCESS IN US SET TO IMPROVE

- The ANDA approval-process time has considerably lengthened in the past few years due to the huge backlog at the United States Food & Drug Application (US FDA) and increasing regulatory non-compliances.
- The average length for an ANDA approval has increased to more than four years now.
- However, with the introduction of Generic Drug User Fee(GDUFA) fees, the duration is expected to decline to 24-30 months.



Source: Industry, Anand Rathi

REVENUE PER ANDA LIKELY TO SHORE UP ON IMPROVED PRODUCT-MIX

- We believe that the efforts of higher focus on improving product mix (towards complex products) would bear fruit over the next three years.
- Consequently, we anticipate that per-ANDA revenues for Indian companies are likely to inch up from USD 7m to USD 8m-9m over the next 2-3 years.
- In fact, increase in revenue per marketed ANDA from USD5.1m to USD7.1m over FY10-14 is a testimony of execution success (higher market share) as well as uplift from limited competition products.
- Mid-sized companies are, however, building scale and are still in nascent stage of pipeline differentiation.
- Over the last five years, Indian companies have strengthened their vertically integrated business model, significantly.

Source: MOSL

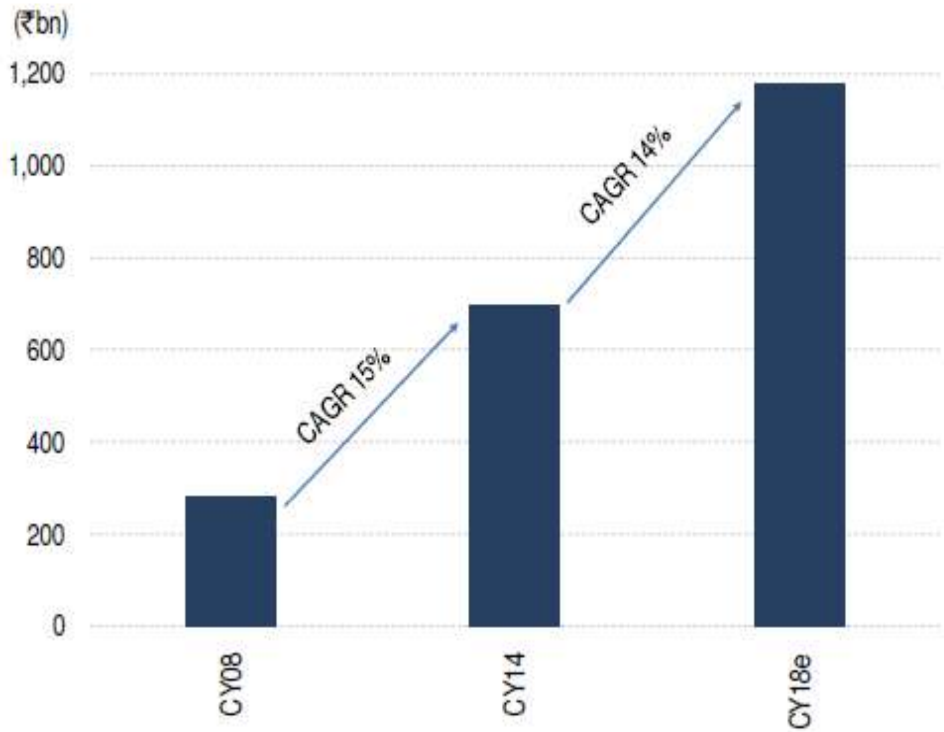
DOMESTIC PHARMA MARKET

- The branded formulations business in India has a structurally strong business model, a sustainable revenue stream from established brands, a growing population base, strong R&D capabilities and a high degree of profitability.
- We expect the steady growth momentum in the Indian pharmaceutical market (domestic formulations) to continue, pushed up by the rising share of chronic categories in lifestyle disorders, mounting per-capita income, rising share of medical expenditure in consumer spending and volume growth.
- Overall, we expect revenue of the Indian pharmaceutical sector to register a 14% CAGR over CY14-18
- The key growth driver would be the increasing incidence of chronic diseases.
- We believe that qualitative factors such as the increasing healthcare awareness, urbanisation spread, population size, better access to essential medicines, deeper healthcare penetration in rural areas, etc., would play crucial roles in sustaining the strong growth in the domestic healthcare market.

Source: Anand Rathi

GROWTH IN THE INDIAN PHARMA SECTOR

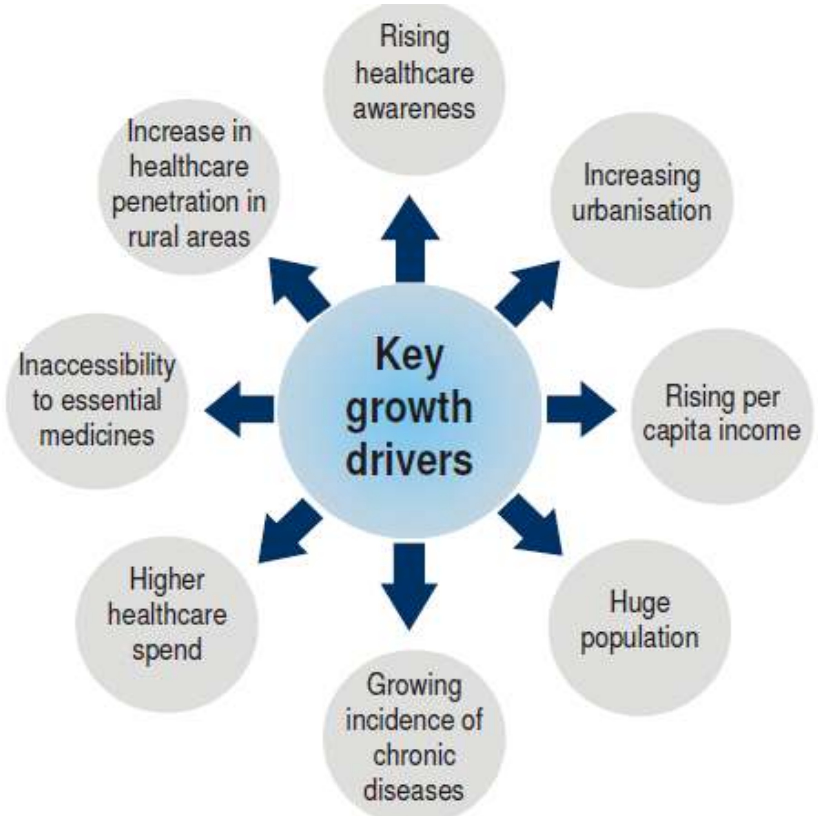
Steady growth in the domestic market



Source: Anand Rathi

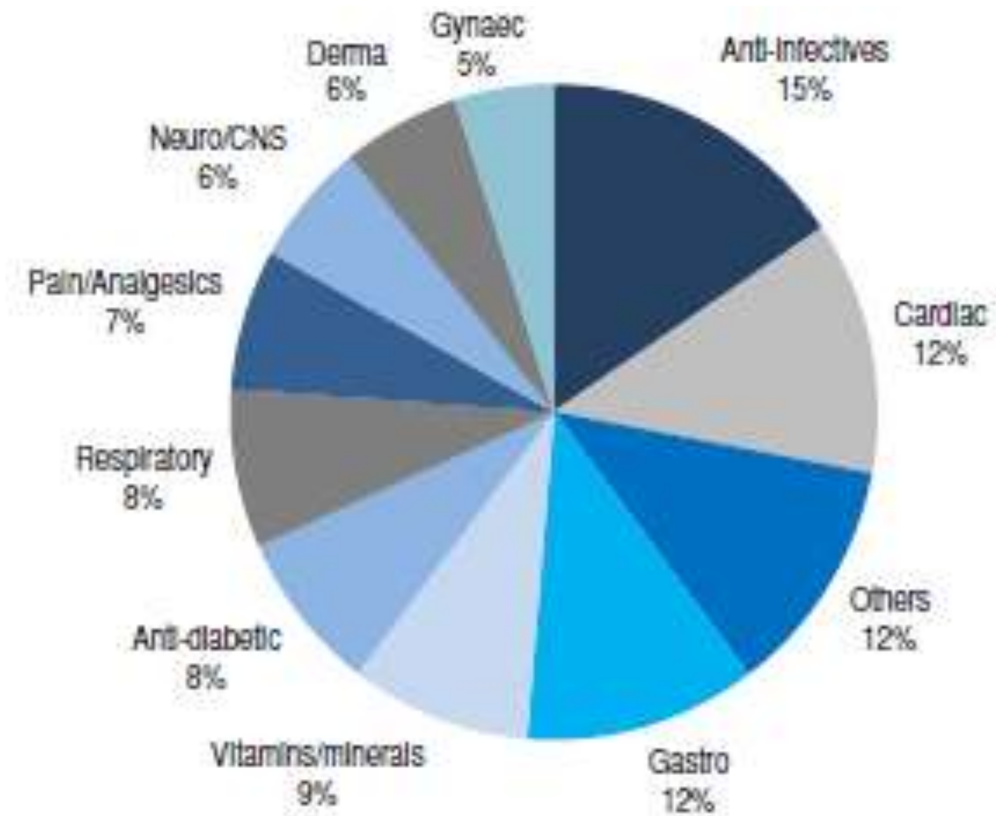
DOMESTIC PHARMA MARKET – STRUCTURAL GROWTH DRIVERS

We believe that qualitative factors such as the increasing healthcare awareness, urbanization spread, population size, better access to essential medicines, deeper healthcare penetration in rural areas, etc., would play crucial roles in sustaining the strong growth in the domestic healthcare market.



Source: Anand Rathi

THERAPEUTIC BREAK UP OF THE INDIAN PHARMA MARKET

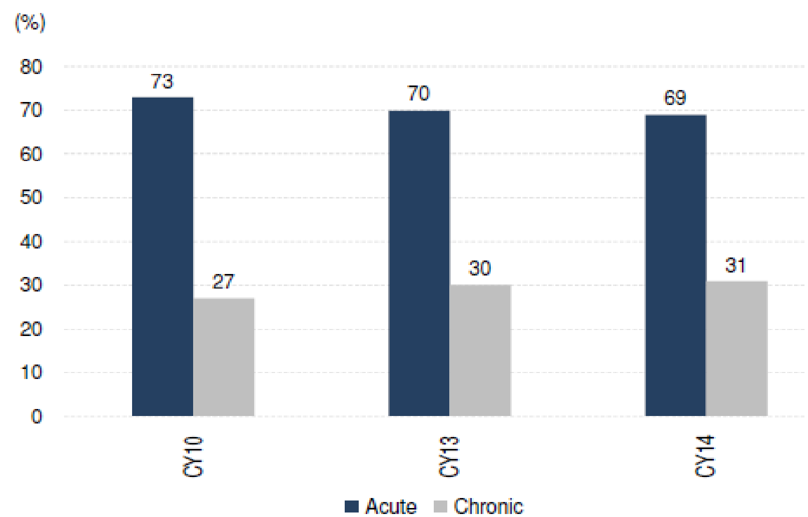


Source: Anand Rathi (CY'14)

INCREASING CONTRIBUTION OF CHRONIC SEGMENT IS KEY DRIVER

- The contribution from chronic categories has been rising over the years due to the increasing incidence of lifestyle disorders and greater urbanisation.
- The past few years have seen a spiralling up of lifestyle related disorders such as diabetes, asthma, obesity, a few types of cancer, and cardiovascular and gastro-intestinal diseases.
- Changing lifestyles have also led to a significant rise in cases of high blood pressure and elevated cholesterol levels. The share of chronic categories in the Indian pharma market revenue has stepped up from 27% in CY10 to 31% in CY14, and would continue upward, driven by the high growth.

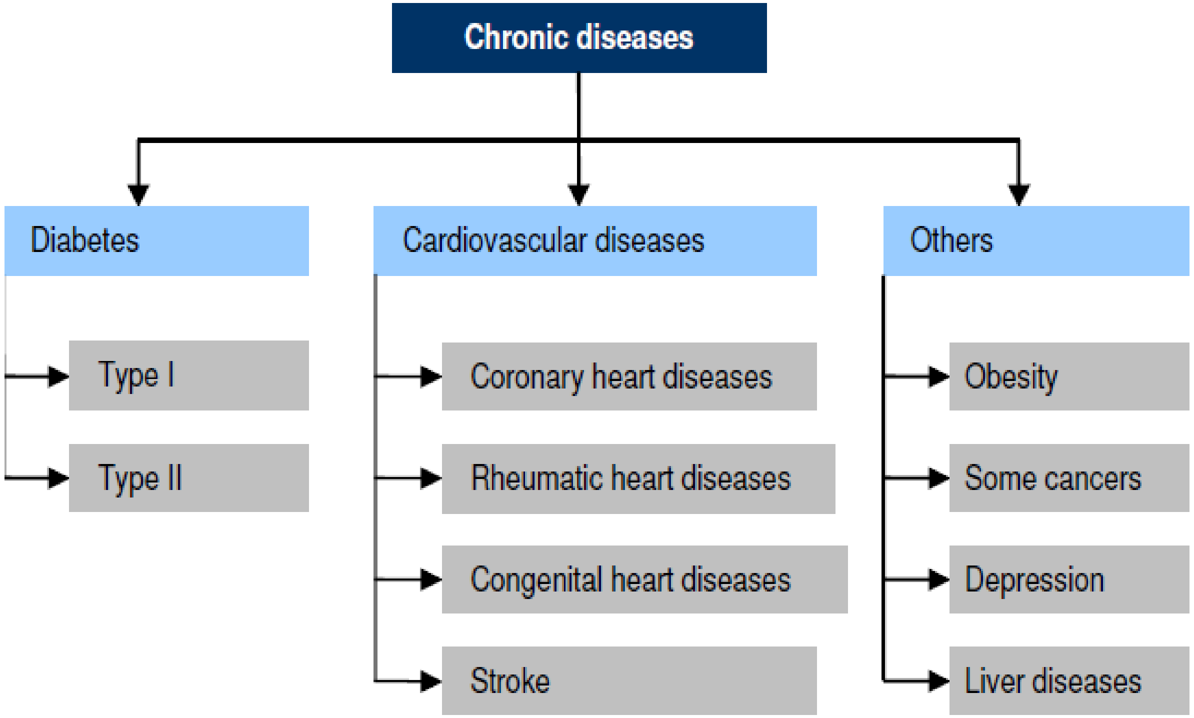
Acute chronic split



Source: Anand Rathi

CHRONIC SEGMENT

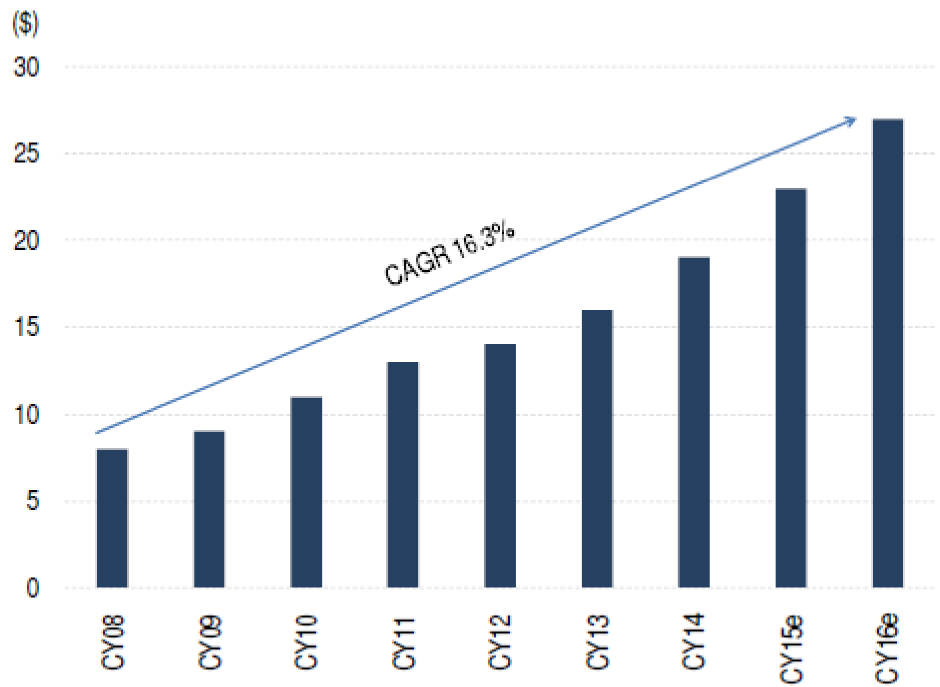
The anti-diabetes market in India rose by a 22%+ CAGR over FY05-14, while the cardiac market increased at a 21% CAGR. We expect ~18% growth in both segments over the next 4-5 years, fuelled by a consistent rise in the number of patients because of increasing urbanisation, industrialisation and awareness.



Source: Anand Rathi

RISING PER CAPITA SPEND IN THE DOMESTIC PHARMA MARKET

Per-capita expenditure on pharmaceutical products has more than doubled from $8 in CY08 to $19 in CY14, pushed up by increasing healthcare awareness, greater affordability and rising per-capita income in India. Industry estimates peg per-capita expenditure on drugs in India to increase to $27 by CY16.



Source: Anand Rathi

REST OF THE WORLD(ROW) OFFERS HIGH POTENTIAL

- From Indian companies' standpoint, the branded formulations markets provide a lucrative growth opportunity, with the following key attributes:
- Market dynamics similar to their home country and emphasis on brand-building and increased reach to physicians.
- Distribution channels in most emerging markets are fragmented, and it takes time to establish sales relationships, acting as an entry barrier for new entrants.
- Regulatory requirements are less stringent, as existing USFDA compliant facilities can easily be made compliant to the standards prescribed.
- High out-of-pocket spending in most Rest of the World (ROW) markets, implying lower government interference through tender/insurance reimbursement. As a result, margins are typically strong.
- Product approval timelines are also streamlined at 18-22 months, implying steady approval rates without expensive filing costs.
- Superior pricing power helps keep gross margins in these geographies high.

Source: MOSL

EMERGING MARKET PROFILE

- Exposure to these markets not only ensures diversification but also leads to strong growth visibility, driven by pricing power and higher profitability.
- Having an early presence in an emerging market has already benefited some Indian companies. They were able to diversify their business, much better than their global generics peers whose exposure to these markets is relatively low.

Emerging countries	Mkt size (USD b)	Growth potential	OPM	Out of pocket spend	Approval Process	Pricing	Distribution n/w	Local competition	Companies
Australia	14	0-5%	25%	56%	Rel. Simple	Excessive discount on major molecules (85-90%)	Highly conc. Top 3 players - 90% mkt	Top 5 - 47%	Lupin
Brazil	26	13%	25%	58%	Slower	Generics ref prices @ 55% discount to innovators price	Highly conc. Top 4 players - 95% mkt	Top 10 - 53% mkt	Torrent, Cadila, Glenmark, Sun Ph, Ranbaxy
Mexico	12	9-10%	20-25%	91%	BE - new stds	Free mkt pricing	Highly conc. Top 2 players - 70% mkt	Top 10 - 42% mkt	Torrent, Cadila, Glenmark, Sun
South Africa	2.5	10-12%	20-25%	14%	Rel. Simple	Generics ref priced vs innovator ref. against other countries	Highly conc.	Top 10 - 64% mkt	Lupin, Cipla, Ranbaxy, Cadila, Sun
Russia	15	11%	25-30%	88%	Rel. Simple	30% market under pricing control	Fairly conc. Top 3 players - 90% mkt	Top 10 - 30% mkt	Dr Reddy, Glenmark, Ranbaxy, Torrent
China	98	20%	-	78%	Lengthy, Complex	Ref pricing based on industry avg	Less conc. Top 10 players - 34% mkt	Top 10 - 15% mkt	Sun Pharma, Ranbaxy

Source: MOSL (FY'14)

API AND CRAMS SEEING TRACTION

- The world Active Pharmaceutical Ingredient (API) market is expected to see a 6.5% CAGR over CY14-20, to $186bn, driven by patent expiries, a rise in outsourcing and demand for potent and bio-generic APIs.
- Intense competition in the global API business has led to most APIs being out-sourced to India and China, considering the low cost of manufacturing there.
- This clearly provides Indian API manufacturers a significant opportunity for growth.
- India stands a better chance, considering the quality norms followed, visible from its having the second-highest number of US FDA-approved plants outside the US.
- Due to keen competition in generic APIs, companies with larger capacities, process efficiencies and a strong DMF (drug master file) pipeline with niche products would be able to effectively compete.

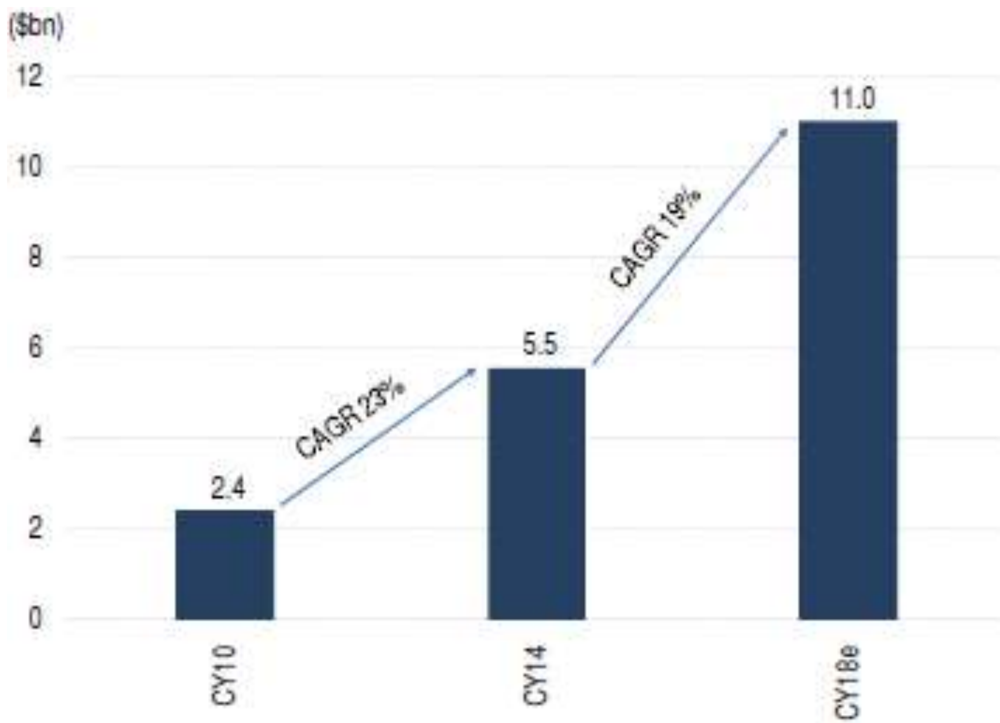
Source: Anand Rathi

CRAMS SET TO GROW WELL

- The Indian Custom Research and Manufacturing Services (CRAMS) segment (valued at ~$9.3bn in CY14) is estimated to grow in the high teens (a 19-20% CAGR) over CY14-18, to $19bn, assisted by more outsourcing from developed countries in the West, the cost advantage and large capacities.
- Within CRAMS, we expect contract manufacturing services (CMS) to see a 19% CAGR and contract research services (CRS) a 20% CAGR.
- CMS, at ~60%, would be a large proportion of CRAMS. The present share of Indian manufacturers in the global CRAMS segment is ~5% and is expected to rise to 7-8%, driven by higher growth.
- India is one of the world's best low-cost manufacturing centres, with the second-highest number of US FDA-approved plants outside the US.
- In addition, patented drugs worth $72bn in the US going off-patent and supportive government policies have aided in creating brand-recognition for the Indian pharma sector across the world.
- This would boost the business prospects of Indian CRAMS companies.

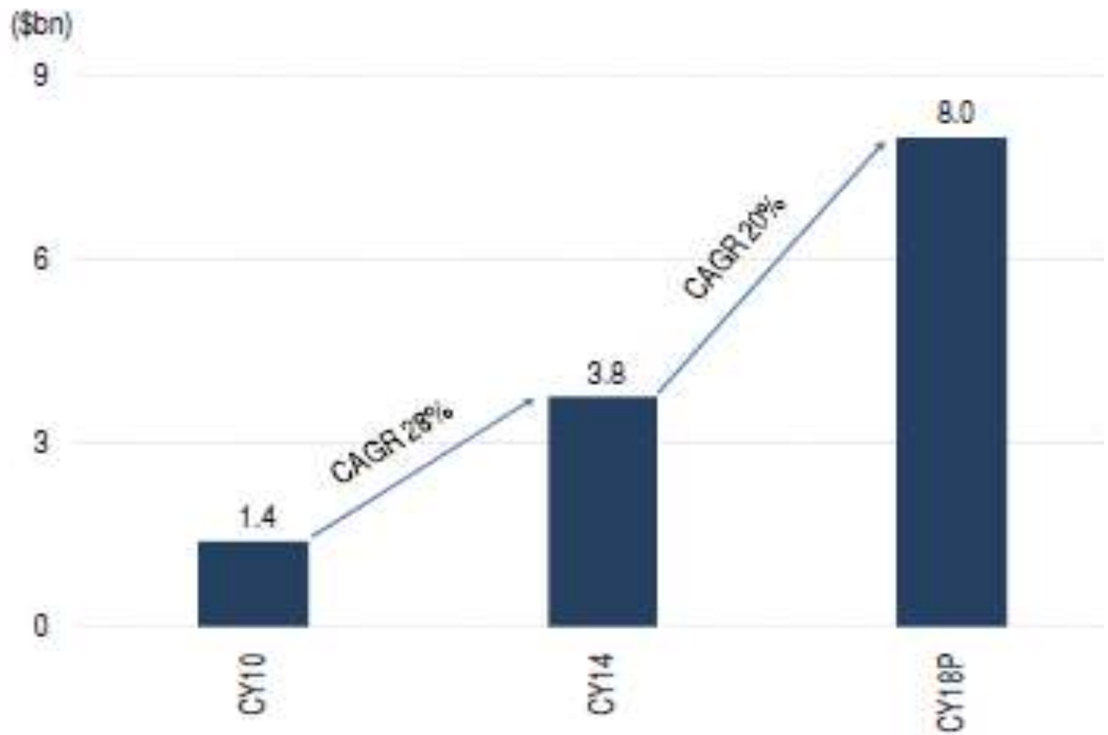
Source: Anand Rathi

GROWTH TREND IN CONTRACT MANUFACTURING



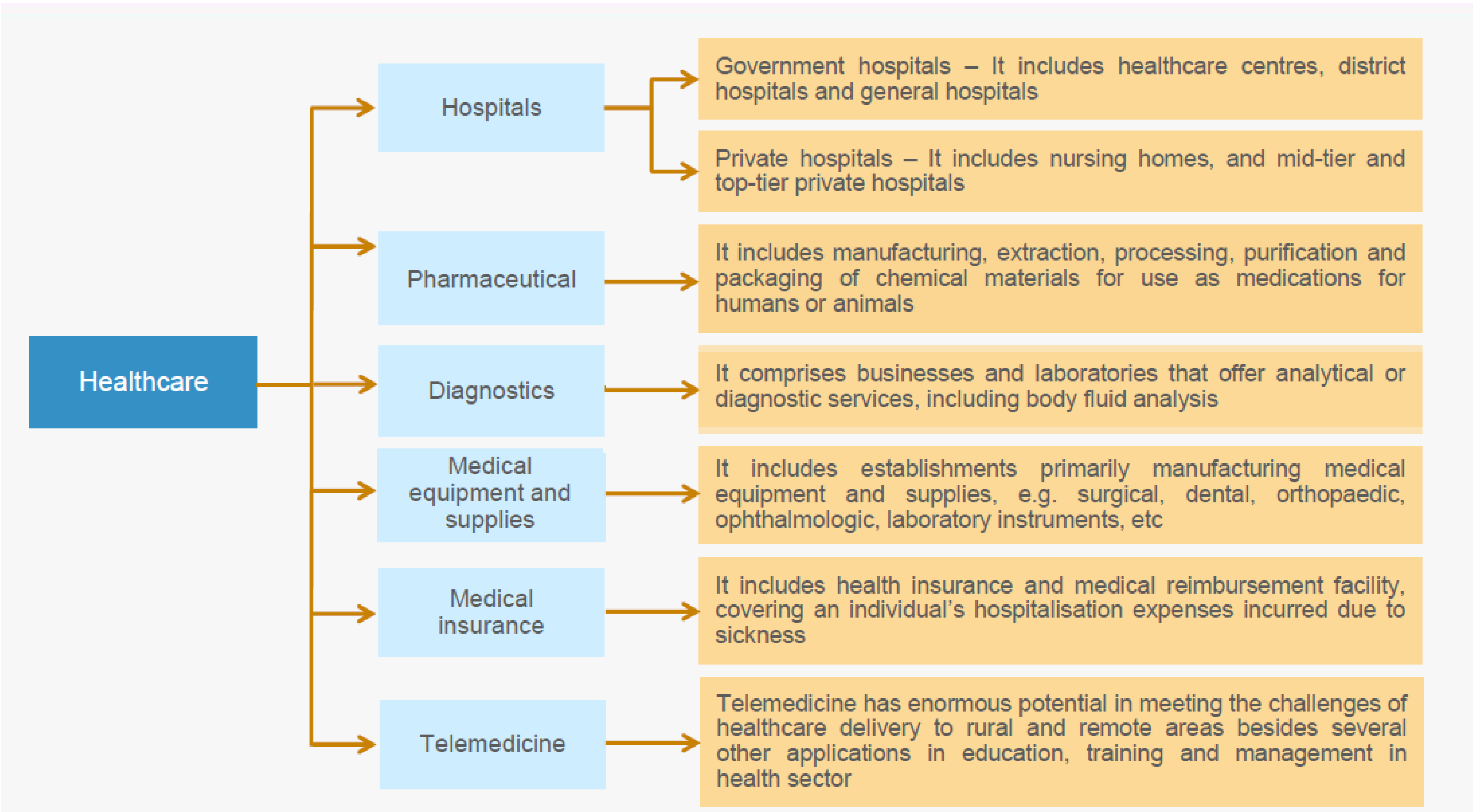
Source: Anand Rathi

GROWTH TREND IN CONTRACT RESEARCH



Source: Anand Rathi

HEALTHCARE MARKET – FIVE SEGMENTS



Source: Hospital Market – India by Research on India, TechSci Research

Source: IBEF

HOSPITALS - STRATEGIES ADOPTED

Strategy	Description

Cost leadership	• Private players in the industry are making their supply chain efficient and leveraging economies of scope to reduce cost. One such example is Narayan Hrudayalaya (NH) where health care is provided at affordable cost. NH reduces cost by
	  • High procurement of medical supplies
	  • High-volume by high capacity utilisation and staff productivity
	  • Good human capital management (i.e. training)
	• Leveraging the benefit of Information Technology to reduce cost and improve healthcare delivery

Differentiation	• Players in the industry are trying to differentiate themselves by providing multiple health care services under one roof • Players are also trying to provide better services to differentiate themselves
Focus	• Certain players in industry focus only on providing one kind of health care service to its customers. This also helps them to be the leader in that service. One such example is Tata Memorial Hospital which is focused on treatment of cancer and provides leading cancer treatment in India
Diversified business approach	• Offering a range of healthcare and wellness services under a single brand has become a trend. Patients and healthcare services seekers find it convenient. Demand of such arrangements boosts the healthcare sector

Source: IBEF

OPPORTUNITIES IN HEALTHCARE

Healthcare infrastructure

- Additional 3 million beds needed for India to achieve the target of 3 beds per 1,000 people by 2025
- Additional 1.54 million doctors and 2.4 million nurses required to meet the growing demand for healthcare
- Investment of USD86 billion required to achieve these targets
- Over USD200 billion is expected to be spent on medical infrastructure by 2024

Research

- Contract research is a fast growing segment in the Indian healthcare industry
- Cost of developing new drugs is as low as 60 per cent of the testing cost in the US
- About 60 per cent of global clinical trials is outsourced to developing countries
- The Contract Research and Manufacturing Services industry (CRAMS) estimated at USD8 billion in 2015, up from USD3.8 billion in 2012. The market has more than 1000 players

Medical tourism

- The Indian medical tourism industry is poised to grow at 30 per cent annually into a USD1.79 billion business by end-2015
- By 2015, India is likely to see 3.2 million medical tourists annually
- Cost of surgery in India is nearly one-tenth of the cost in developed countries
- There are 21 Joint Commission International (JCI) - accredited hospitals in India and growing

Notes: Deloitte, Apollo Investor Presentation, RNCOS, Industry estimates

Source: IBEF

BIO TECHNOLOGY – OPPORTUNITIES THROUGH OUTSOURCING

Contract research	• The R&D sector has huge potential; many opportunities have been created with a number of foreign companies investing in this sector • Indian pharmaceutical companies possess competitive skills in chemical synthesis and process engineering; the companies can leverage these skills to develop new chemical entities
Clinical trials	• India offers a suitable population for clinical trials because of its diverse gene pools, which cover a large number of diseases • Cost effectiveness, competition, and increased confidence on capabilities and skill sets have propelled many global pharmaceutical companies to increase their clinical research investment in the nation
International collaboration	• Memorandum of Understanding (MOU) have been signed with Denmark and Finland and joint call for proposals have been issued • Joint projects have also been funded with the Biotechnology and Biological Sciences Research Council (BBSRC), UK • New agreements on vision research with National Institutes of Health (NIH), USA and an amendment to the agreement with Contraceptive Research and Development Programme (CONRAD)
Others	• Other potential areas of development include medicinal and aromatic plants, animal biotechnology, aquaculture and marine biotechnology, seri biotechnology, stem cell biology, environmental biotechnology, biofuels, biopesticides, human genetics, and genome analysis

Source: IBEF

NOTABLE TRENDS IN THE INDIAN PHARMACEUTICAL SECTOR

Research and development

- Indian pharma companies spend 8-11 per cent of their total turnover on R&D
- Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

Export revenue

- India's pharmaceutical export market is thriving due to strong presence in the generics space
- Pharmaceuticals Exports Promotion Council expects pharma exports to reach USD25 billion in 2015

Joint Ventures

- Multinational companies are collaborating with Indian pharma firms to develop new drugs
- Pfizer partnered with Aurobindo Pharma to develop generic medicines
- Six leading pharmaceutical companies have formed an alliance 'LAZOR' to share their best practices, so as to improve efficiency and reduce operating costs

Expansion by Indian players abroad

- Cipla, the largest supplier of anti-malarial drugs to Africa, set up a USD32 billion plant in Africa for the production of anti-retroviral and anti-malarial drugs
- Ranbaxy, become the world fifth largest company worldwide with having 45 manufacturing sites more than 3000 marketed product

Source: TechSci Research
Note: R&D - Research and Development

Source: IBEF

DISCLAIMER

Market Research Analysis is based on the information obtained from various sources. There is no assurance that the Pharma & Healthcare sector will perform as per the expectations / projections given. Uncertain future events may have adverse impact on the Pharma & Healthcare sector. Companies mentioned in this presentation is for information purpose only and not to be construed as an indicative portfolio of the scheme.

BENCHMARK PERFORMANCE

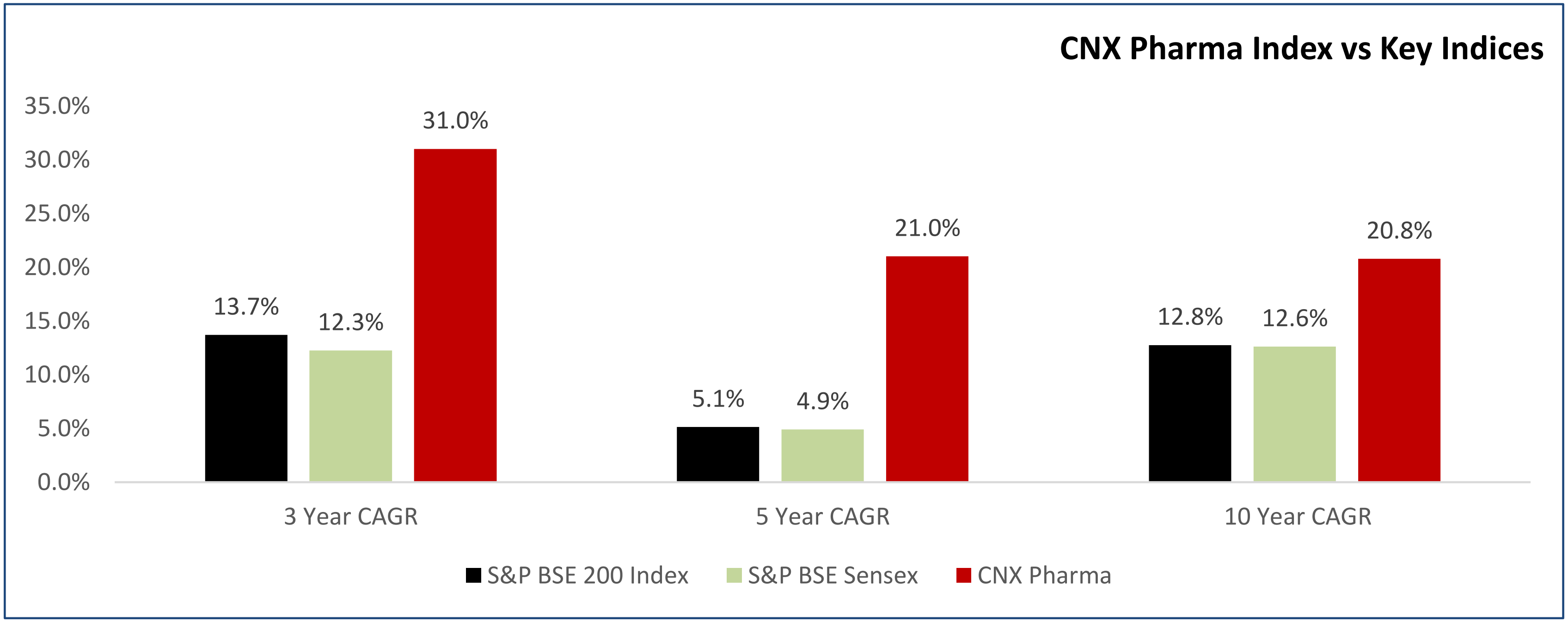
THEMES CALENDAR YEAR RETURNS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
HIGH	S&P BSE IT 42.7%	S&P BSE IT 40.9%	CNX Commodities 108.8%	CNX Pharma -25.6%	S&P BSE IT 132.8%	CNX Pharma 35.3%	CNX Pharma -10.0%	CNX Finance 52.0%	S&P BSE IT 59.8%	CNX Finance 57.3%
	CNX Nifty 36.3%	CNX Nifty 39.8%	CNX Finance 82.9%	CNX Consumption -43.3%	CNX Commodities 108.2%	S&P BSE IT 31.6%	CNX Consumption -10.8%	CNX Consumption 37.5%	CNX Pharma 26.5%	CNX Pharma 43.4%
	CNX 500 36.3%	CNX Finance 39.5%	CNX 500 62.5%	S&P BSE IT -50.8%	CNX Finance 88.7%	CNX Finance 29.9%	S&P BSE IT -15.7%	CNX Pharma 31.9%	CNX Consumption 9.6%	CNX 500 37.8%
	CNX Finance 36.2%	CNX 500 34.0%	CNX Nifty 54.8%	CNX Nifty -51.8%	CNX 500 88.6%	CNX Consumption 21.2%	CNX Nifty -24.6%	CNX 500 31.8%	CNX Nifty 6.8%	CNX Nifty 31.4%
	CNX Commodities 20.3%	CNX Commodities 30.7%	CNX Consumption 37.6%	CNX Finance -55.1%	CNX Nifty 75.8%	CNX Nifty 17.9%	CNX 500 -27.2%	CNX Nifty 27.7%	CNX 500 3.6%	CNX Consumption 29.7%
	CNX Pharma 0.9%	CNX Pharma 25.0%	CNX Pharma 14.6%	CNX 500 -57.1%	CNX Pharma 59.1%	CNX 500 14.1%	CNX Finance -29.0%	CNX Commodities 19.3%	CNX Finance -7.3%	CNX Commodities 16.7%
LOW	CNX Consumption NA	CNX Consumption NA	S&P BSE IT -14.1%	CNX Commodities -57.4%	CNX Consumption 51.3%	CNX Commodities 2.0%	CNX Commodities -34.1%	S&P BSE IT -1.2%	CNX Commodities -8.6%	S&P BSE IT 16.5%

Data Source: ICRA MFI Explorer. Calculation ICRA

PERFORMANCE HIGHLIGHTS

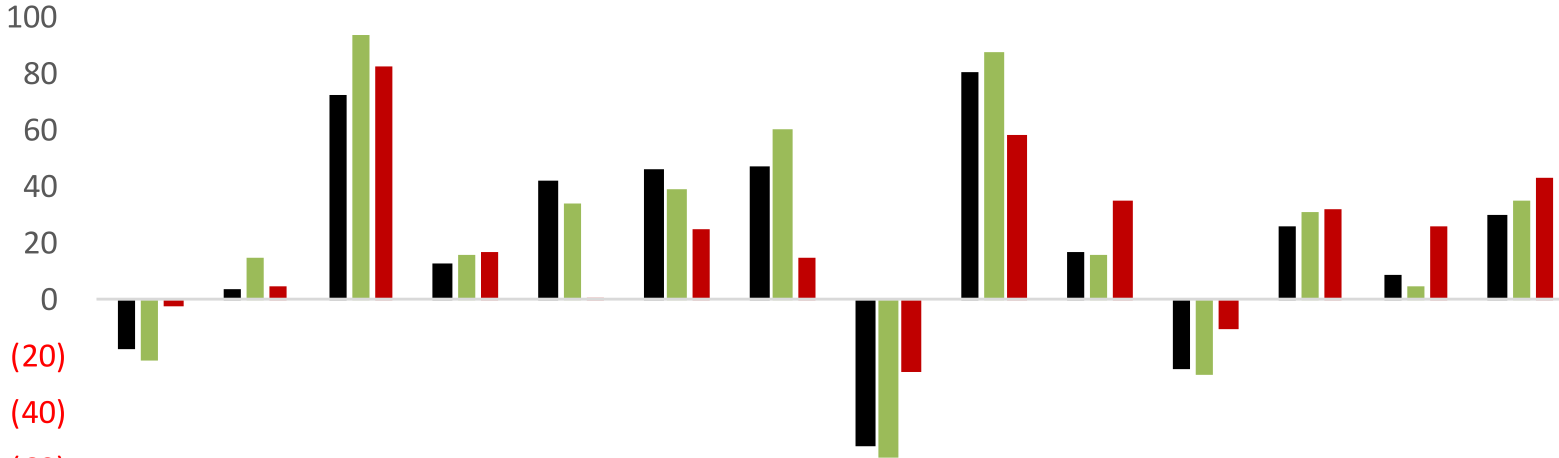
- The Pharma sector has been a value creator, beating the broader markets over 3,5 and 10 year timeframes
- The Pharma sector has returned 20.8% compounded growth over the last 10 Years v/s 12.8% by the broader market (S & P BSE 200 index)



Past performance may or may not be sustained in future

Notes: ● Returns as on 4th Nov, 2015 ● Data Source : Index Websites. ● Calculations by ICRA

CNX Pharma Index - Calendar Year Returns



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
S&P BSE Sensex	(17.87)	3.52	72.89	13.08	42.33	46.70	47.15	(52.45)	81.03	17.43	(24.64)	25.70	8.98	29.89
S&P BSE 200	(21.94)	15.47	94.48	15.69	33.80	39.58	60.44	(56.46)	88.51	16.22	(26.95)	30.98	4.38	35.47
CNX Pharma	(2.63)	5.07	83.29	17.14	0.90	24.96	14.58	(25.58)	59.12	35.32	(10.01)	31.88	26.51	43.42

S&P BSE Sensex   S&P BSE 200   CNX Pharma

Data Source: ICRA MFI Explorer. Calculation ICRA

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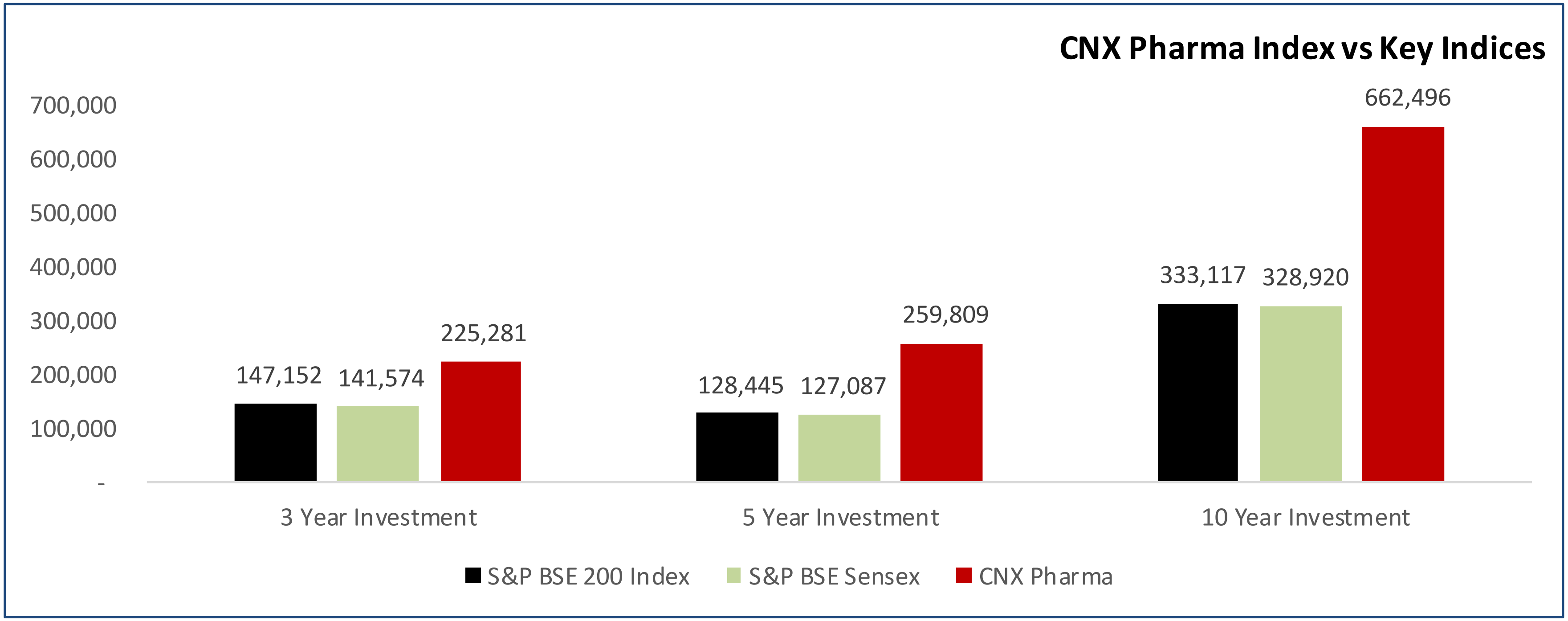
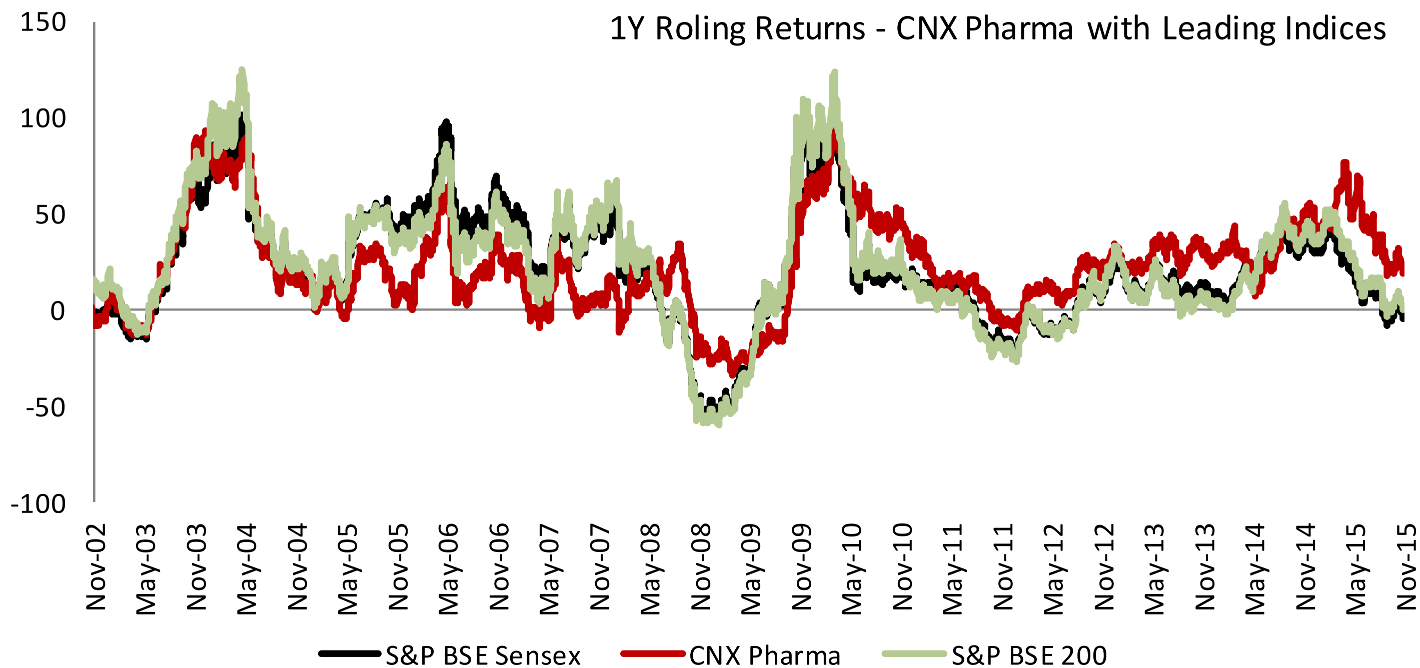


Notes: ● As on 4th Nov, 2015 ● Data Source : Index Websites & ICRA MFI Explorer. ● Calculations by ICRA

BENCHMARK ROLLING RETURNS



Benchmark	Average	Maximum	Minimum	Downside Risk
S&P BSE Sensex	20.31	110.38	-56.45	0.24
S&P BSE 200	22.39	124.61	-59.64	0.19
CNX Pharma Index	23.06	94.13	-33.72	0.15

Notes: ● 1 Year Absolute Rolling Returns ● Daily Frequency. Jan 01, 2001 to Nov 4, 2015 ● *Data Source: ICRA MFI Explorer.* ● *Calculation ICRA*

RISK ADJUSTED RETURNS

Period	CNX Nifty Index	CNX Pharma
Count	3,677	3,677
Minimum	(37.90)	(29.62)
Maximum	30.47	21.39
Average	1.31	1.70
Beta (with CNX Nifty)	1.00	0.60
Annualised Standard Deviation	25.29	22.15
Annualised Sharpe @ 8% Risk Free Rate	0.31	0.56
Annualised Treynor @ 8% Risk Free Rate	2.25	5.91

Notes: ● Based on 1 Month Rolling Returns ● Daily Frequency. Jan 01, 2001 to Nov 4, 2015 ● *Data Source: ICRA MFI Explorer.* ● *Calculation ICRA*

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