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Industry View
In-Line

India Retail

Impact of Mumbai terrorist attacks on consumption

Quick Comment: The city of Mumbai witnessed its worst ever terrorist attack last week. The ordeal lasted for four days, beginning the evening of November 26 and ending the morning of November 29. These events impacted consumer sentiment and disrupted normal life. In order to assess the actual impact on consumption, we gathered data from Pantaloon Retail and Shoppers' Stop, which are two of the leading listed retail companies in India. We only looked at the weekend sales data as most malls and retailers were shut on Thursday and Friday.

Pantaloon's total sales in Mumbai declined 4.2% last weekend compared with the previous weekend. Mumbai Lifestyle retailing revenues declined sharply by 18%, whereas Mumbai value retailing revenues actually grew 3%. However, during the same period, the rest of India grew by 15.1%, with value retailing growing at 16.5% and lifestyle retailing growing by 10.8%. PRIL has 2 Pantaloon and Big Bazaar stores each within 6-10 kms from the terrorist attack sites. Shoppers' Stop also witnessed a similar sales growth trend. Mumbai revenues declined 12% whereas the rest of India grew 5%. The closest Shoppers' Stop store is at least 20-25 kms from the terror attack sites.

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A chart detailing sales growth last weekend over the previous weekend follows.

**28th and 29th
November sales
compared with 22nd
and 23rd November
sales**

Pantaloon

Lifestyle - Mumbai (%) -18.0

Value - Mumbai (%) 3.0

Total (%) -4.2

Lifestyle - Rest of India (%) 10.8

Value - Rest of India (%) 16.5

Total (%) 15.1

Shoppers' Stop

Mumbai (%) -12.0

Rest of India (%) 5.0

Source: Company data, Morgan Stanley Research

It will be interesting to see how the growth trend pans out over the near term. We will keep you posted.

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(as of November 30, 2008)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	Total IBC	% of % of Rating Category
Overweight/Buy	838	36%	254	40%	30%
Equal-weight/Hold	1037	44%	282	45%	27%
Not-Rated/Hold	31	1.3%	7	1.1%	22.5%
Underweight/Sell	427	18%	90	14%	21%
Total	2,333		633		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

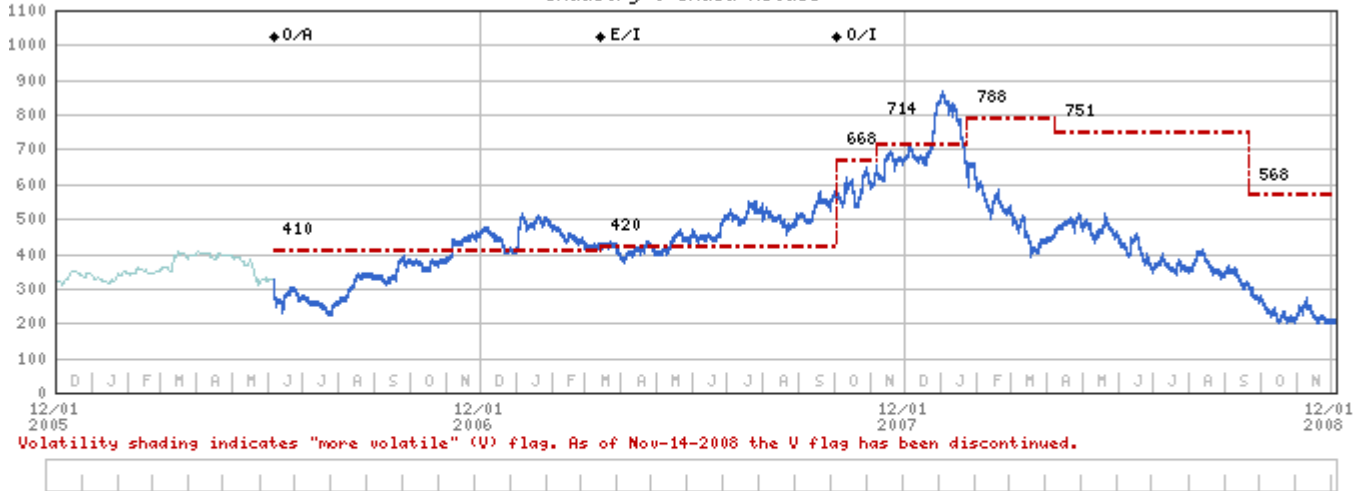
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)

Pantaloon Retail (PART.BO) - As of 12/4/08 in INR
Industry : India Retail



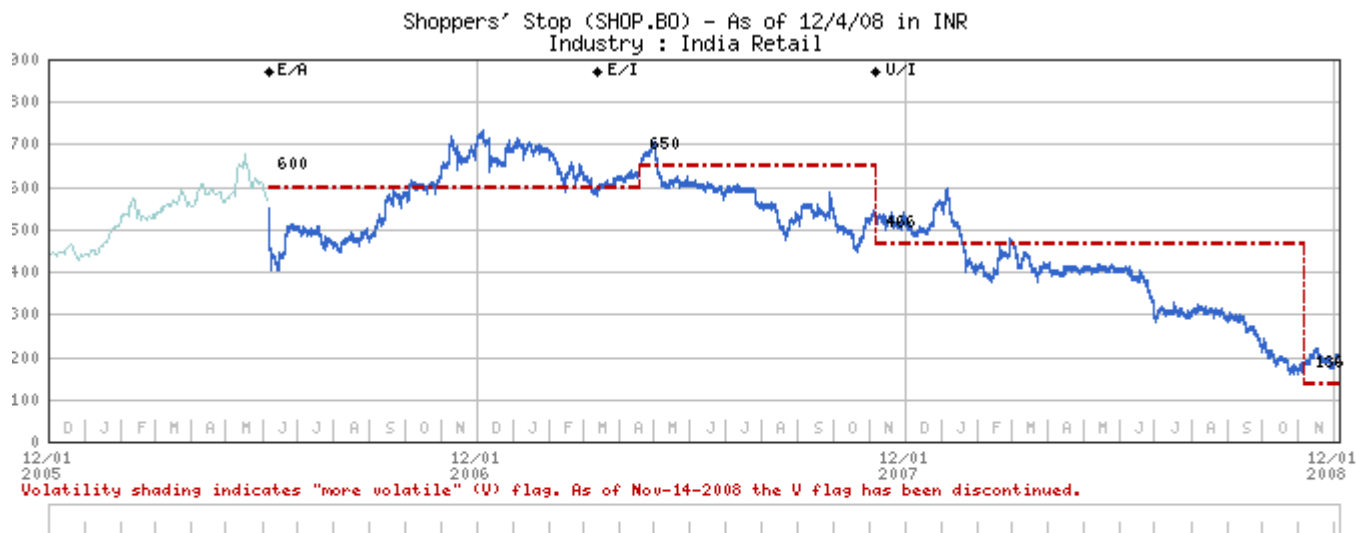
Stock Rating History: 6/6/06 : O/A; 3/14/07 : E/I; 10/3/07 : O/I

Price Target History: 6/6/06 : 410; 3/14/07 : 420; 10/3/07 : 668; 11/6/07 : 714; 1/23/08 : 788; 4/7/08 : 751; 9/22/08 : 568

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ■
 Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ♦
 Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAU)
 Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAU)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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India Retail



Stock Rating History: 6/6/06 : E/A; 3/14/07 : E/I; 11/6/07 : U/I
Price Target History: 6/6/06 : 600; 4/18/07 : 650; 11/6/07 : 466; 11/5/08 : 136

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) --- Stock Price (Covered by Current Analyst) ---
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ♦
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (U) No Rating Available (NAU)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAU)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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India Retail

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Industry Coverage: India Retail

Company (Ticker)	Rating (as of)	Price (12/04/2008)
Hozefa Topiwalla		
Pantaloon Retail (PART.BO)	O (10/03/2007)	Rs210.3
Shoppers' Stop (SHOP.BO)	U (11/06/2007)	Rs180.8
Titan Industries Ltd (TITN.BO)	E (08/12/2008)	Rs877.65

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