

India Retail

Well begun is half done

- Our brief inquiries with key Indian retailers about sales during the Diwali festive season indicate that consumer spending was satisfactory. Categories that saw some weakness include Furniture and Watches, whereas sales in Apparel and Jewelry were encouraging.
- Although it is difficult to gauge consumer sentiment accurately we believe sales for Dec'08 quarter should be satisfactory if interest rates and inflation trends continue to show improvement from current levels.
- We maintain our Overweight rating on key retailers Titan Industries, Pantaloon Retail, and Gitanjali Gems, and believe that the current credit crisis should accelerate the shift towards organized retail.

Here are some direct quotes on Diwali sales made by various retailers:

- **Retailer 1:** "We are quite satisfied with our sales and we should be able to report same store growth of about 15% and overall growth of about 50%."
- **Retailer 2:** "We have seen good customer entry and conversions, contrary to perceptions. We should see same store growth in the region of 7-8%."
- **Retailer 3:** "We have had a satisfactory performance and in some categories, such as jewelry, we have exceeded expectations."
- **Retailer 4:** "Initial start to Diwali sales was somewhat sluggish but thereafter it picked up significantly and towards the end we achieved most of our targets."
- **Retailer 5:** "Considering the overall market conditions our performance has been satisfactory. We have seen growth of about 25% in branded jewelry sales."

India retail: Stock price performance

Rs

	Last Price	Absolute Percentage Change							Relative Percentage Change			
		52 WH	52 WL	5 day	1 Mth	6 Mth	12 Mth	5 day	1 Mth	6 Mth	12 Mth	
Pantaloon	225.5	875.0	194.1	6%	-12%	-52%	-62%	0%	7%	-18%	-26%	
Shopper's Stop	176.1	630.9	141.0	3%	-21%	-56%	-66%	-3%	-5%	-25%	-35%	
Vishal Retail	92.3	1020.0	90.0	-23%	-64%	-88%	-87%	-27%	-56%	-80%	-75%	
Koutons	674.3	1098.0	551.0	3%	-1%	-12%	6%	-2%	19%	49%	105%	
Titan Industries	992.2	1734.4	692.0	1%	-8%	-19%	-40%	-4%	12%	37%	15%	
Gitanjali Gems	81.3	490.0	68.1	-23%	-56%	-72%	-79%	-27%	-47%	-52%	-60%	

Source: Bloomberg

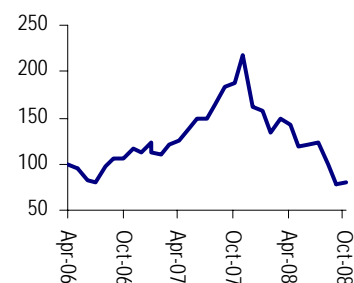
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India Retail Index (Indexed)



Source: Bloomberg and J.P. Morgan

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J.P.Morgan

Companies Recommended in This Report (all prices in this report as of market close on 03 November 2008)

Gitanjali Gems (GTGM.BO/Rs81.70/Overweight), Pantaloon Retail (India) Ltd (PART.BO/Rs228.40/Overweight), Titan Industries Limited (TITN.BO/Rs991.05/Overweight)

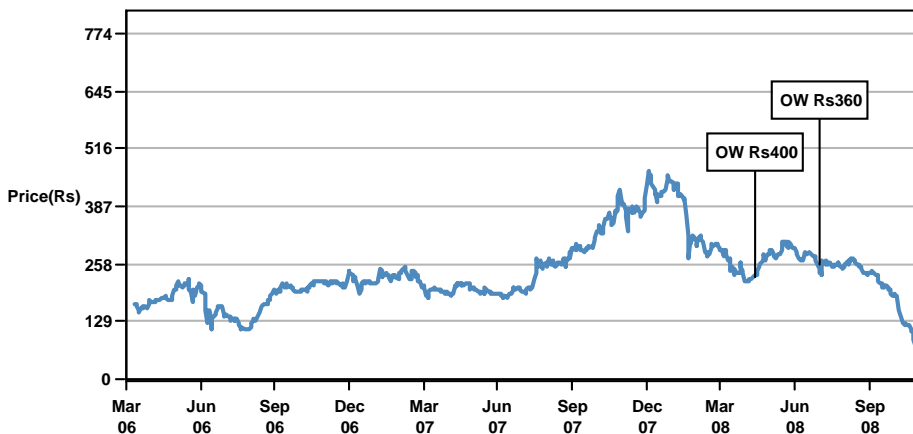
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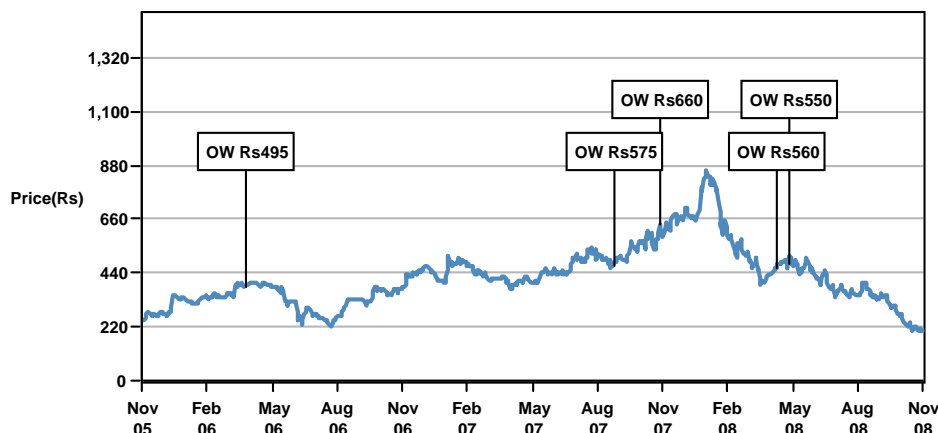
Gitanjali Gems (GTGM.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
11-Apr-08	OW	226.80	400.00
30-Jun-08	OW	254.75	360.00

Source: Reuters and J.P. Morgan; price data adjusted for stock splits and dividends.
 Initiated coverage Apr 11, 2008. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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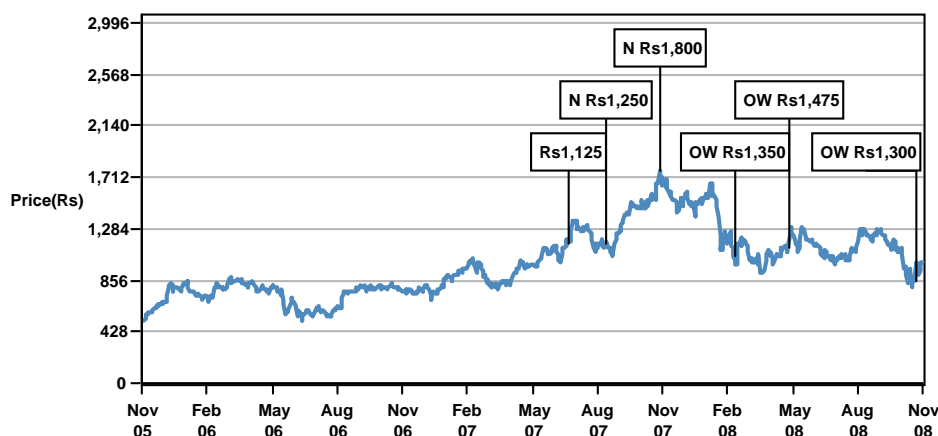
Pantaloon Retail (India) Ltd (PART.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
27-Mar-06	OW	382.89	495.00
27-Aug-07	OW	469.80	575.00
28-Oct-07	OW	639.90	660.00
10-Apr-08	OW	463.20	560.00
28-Apr-08	OW	478.40	550.00

Source: Reuters and J.P. Morgan; price data adjusted for stock splits and dividends.
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Titan Industries Limited (TITN.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
13-Aug-07	N	1151.50	1250.00
30-Oct-07	N	1755.50	1800.00
10-Feb-08	OW	1061.65	1350.00
28-Apr-08	OW	1119.40	1475.00
21-Oct-08	OW	849.35	1300.00

Source: Reuters and J.P. Morgan; price data adjusted for stock splits and dividends.
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