Morgan Stanley

January 14, 2009

Research
India

India Strategy

How Cheap are Equity Valuations?

MORGAN STANLEY RESEARCH

Morgan Stanley India Company Private Limited+

Ridham Desai
Ridham.Desai@morganstanley.com
+91 22 2209 7790

Sheela Rathi
Sheela.Rathi@morganstanley.com
+91 22 2209 7730

How Cheap are Equity Valuations?

Several investors are now arguing that valuations of Indian equities are getting compelling. Let's examine the facts:

- India's absolute valuations are getting to historical low points, especially when one uses earnings and cash flow based metrics. However, P/B and dividend yield are still shy of the lows. Although the MSCI India P/B is 27% above its Sep-01 low, the index dividend yield is still 32% below its high.
- The equity risk premium implied by our residual income model for the BSE Sensex is 5.8%, well above the 4% level in December 2007.
- Our composite valuation index is at its third lowest level ever with Sep-01 and Nov-98 being the two months when it went lower.
- Broad market valuation measured using market cap to GDP is also normalizing. After touching 160% at the peak of the bull market in late 2007 and early 2008, the ratio is now close to the global average of around 60%. However, the ratio is still the best in the BRICs context.
- Relative to bonds, equities are about the least expensive they have ever been. Just 7% of MSCI Index value is being assigned to future growth, the rest of the index value is explained by trailing earnings. This is the least valued assigned to the future growth by the MSCI Index since 1994 (when our data series starts). The earnings bond yield gap is also close to a high point.
- Relative to emerging markets, India is now significantly better off. After being the most expensive emerging market for most of 2006 and 2007, India is now in the top third of the emerging market universe with both relative P/E and P/B approaching historical averages.

However, we think there are several issues with valuations before they can be declared as compelling:

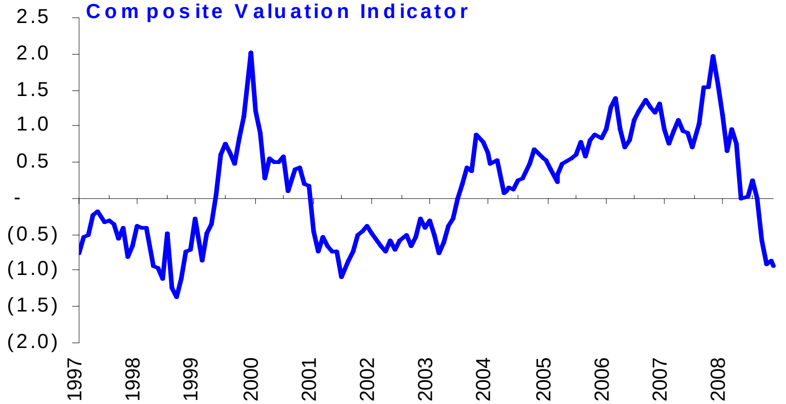
- Trailing earnings are inflated. The fact is that the BSE Sensex constituents on aggregate, have grown earnings fivefold in five years from Rs247 billion to Rs1,215 billion – it would not be incorrect to call this an earnings bubble. Corporate India is sitting on record margins, record financial income, and a high base of earnings. We also observe that earnings quality has been deteriorating. The rising share of non-cash earnings in reported earnings and the high share of financial earnings in pretax earnings both underpin the earnings-quality issue. Operating cash flow to net profit is at multi-year lows. The "Satyam episode" does not increase confidence in the trailing earnings number.
- The deteriorating outlook for forward earnings is a matter of concern for valuations. We continue to contest the view that the consensus has for market earnings. Our view is that earnings will likely fall over the next 18 months whereas the consensus is arguing for high single digit growth.
- Due to the uncertainty in future earnings, we believe P/B and dividend yield are probably better measures of valuations in the short run. Both these metrics are around 30% above lows and hence not compelling enough.
- Relative valuations are still not convincing enough. In 2003, India traded at a discount to emerging markets. It is still trading at a premium of 20% and 51% on earnings and book, respectively.
- Risk free bonds may be in a bubble situation, making equities look cheaper than they may actually be. Government bond yields will likely remain depressed due to the negative growth outlook but that is what precisely is a worry for equities.
- Where exactly is India's medium or long term growth – Are the trailing five years any indication of medium term growth? As the next five years' growth story unfolds, equity valuations are likely to be lower than where they were in 2006 and 2007, in our view.
- Ultimately, valuations are all about the returns that investors expect from stocks and what is embedded in share prices. The related question is whether the long-term expected return is now higher than before (i.e. is equity risk premium higher?). If yes, then equities may not yet be cheap enough. If expected ERP is unchanged from say its 2005 level, then the long-term returns embedded in share prices are reasonable now, in our view.

Our view is that valuations could turn cheaper before they attract investors into the market. At the margin, most investors look for earnings momentum to buy equities rather than just value. Positive earnings momentum may not return before 2010. The market is already presenting long-term investors with some interesting opportunities. In our view, consumer staples, healthcare and technology still offer the most compelling valuation case from a sectoral perspective. More recently, materials has joined this list though the earnings outlook for materials is less convincing, in our view.

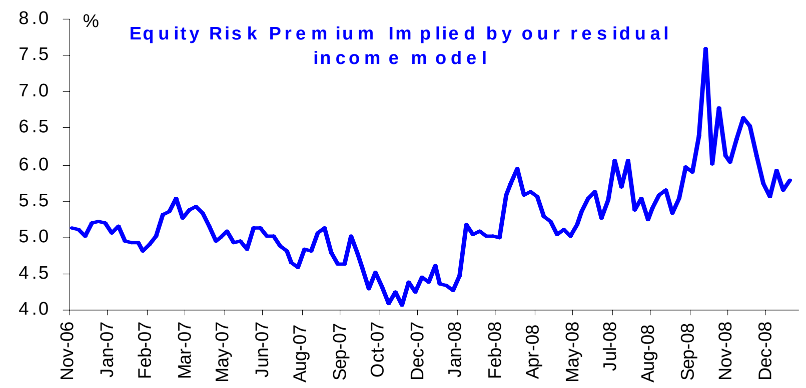
Long-term returns could revert to average levels

Due to a combination of elevated base earnings, low bond yields and depressed share prices, the long-term return that is being implied by equity shares is now looking more reasonable but not necessarily irresistible.

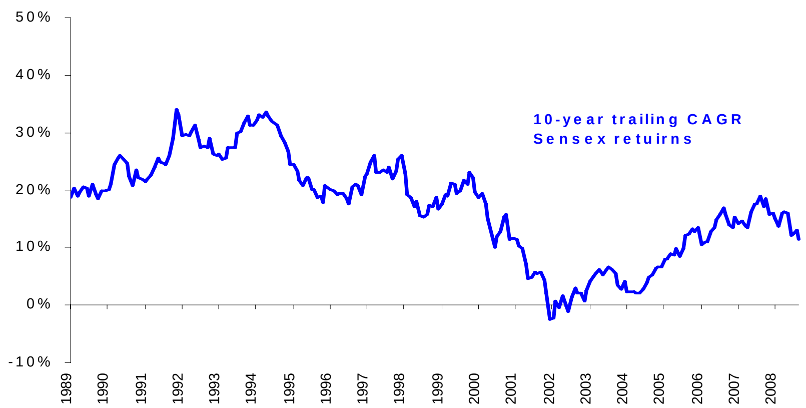
CVI: Just Shy of Lowest Level Ever



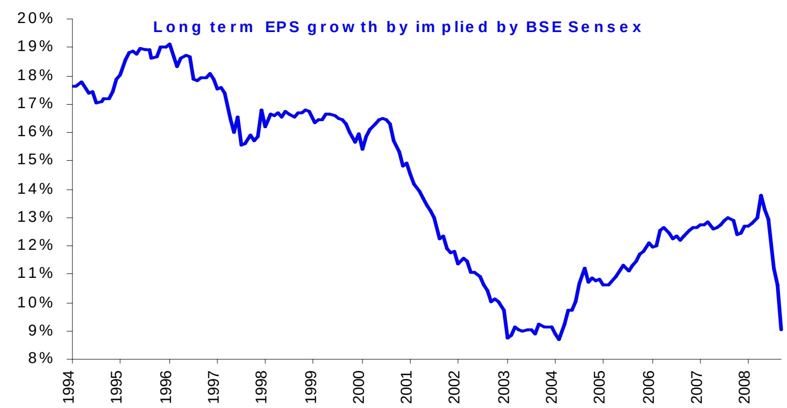
Equity Risk Premium Seems Normalized



BSE Sensex: Long-Term Returns



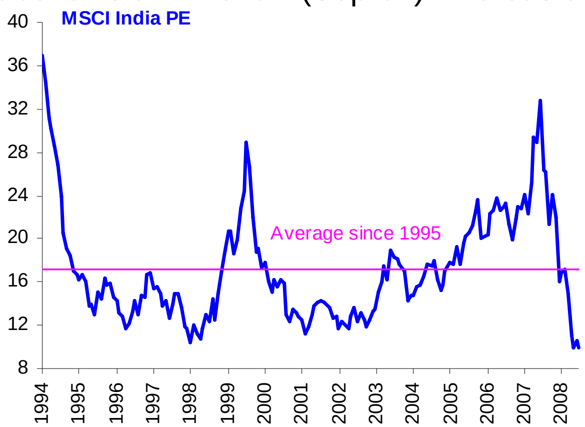
Not much growth implied by the Sensex

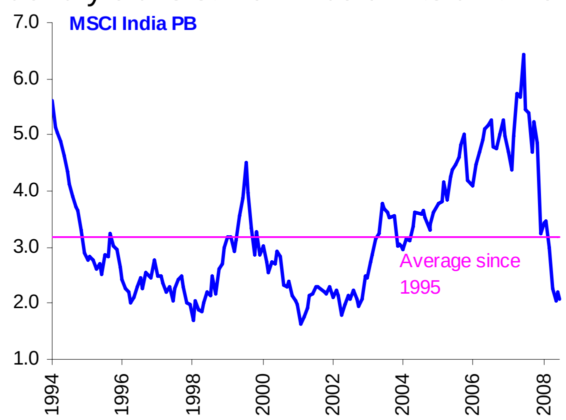


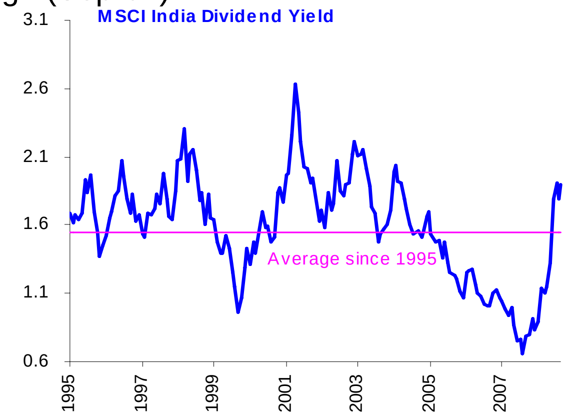
Sources: IBES estimates, Worldscope, FactSet, Company data, Morgan Stanley Research

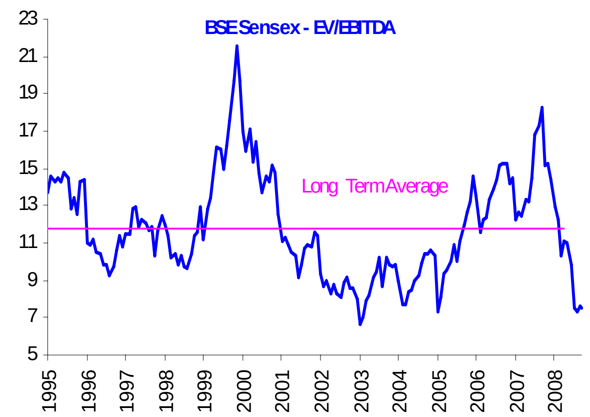
Absolute valuations getting there

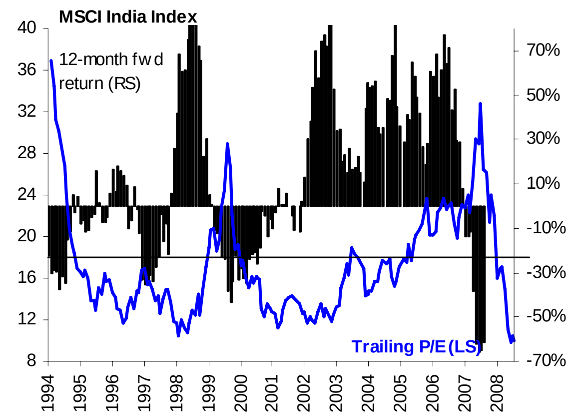
Absolute valuations are as cheap as they have been, especially on earnings and cash flow metrics. Notably, P/B is still 27% above its all-time low (Sep-01) whereas dividend yield is still 32% below its all-time high (Sep-01).











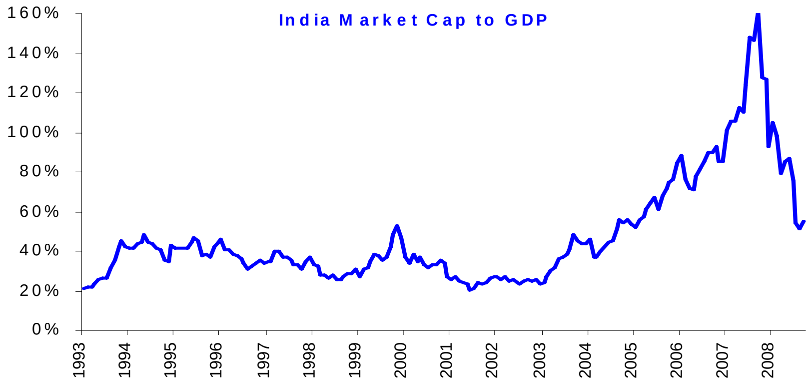
BSE Sensex	Current	Median	Current / Median	Current as SD from Avg
P/E (trailing)	11.4	17.8	0.6	(1.3)
12m Fwd PE	9.1	13.3	0.7	(1.4)
P/B	1.7	2.5	0.7	(1.5)
Div yield	3.1%	2.0%	1.6	1.3
P/Cash	7.8	10.5	0.7	(0.9)
P/Sales	1.1	1.4	0.8	(0.9)
EV/EBITDA	7.5	11.3	0.7	(1.5)
Earnings yield-Bond yield	2.6%	-3.7%	(0.7)	1.8
Bond yield - Div yield	1.1%	5.7%	0.2	(1.7)
Implied EPS growth	10%	14%	0.7	(1.3)

Sources: Bloomberg, FactSet, MSCI, Morgan Stanley Research

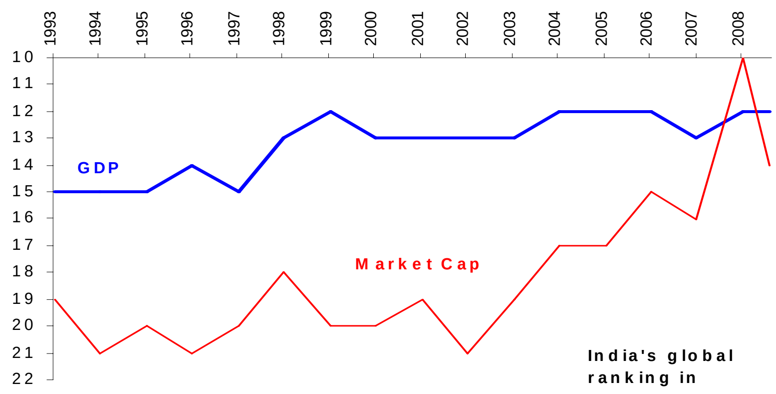
Broad market valuations: Again just about returning to normality

India is now trading at par with the world on market cap to GDP but still ahead of BRICs.

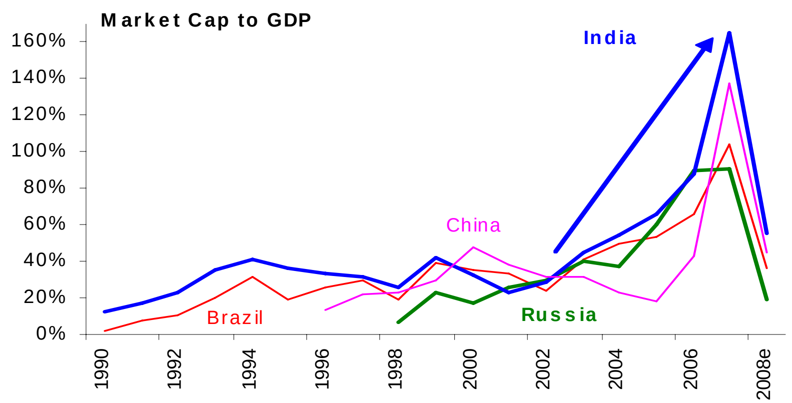
India's Mk Cap/GDP – At Top End of Historical Range



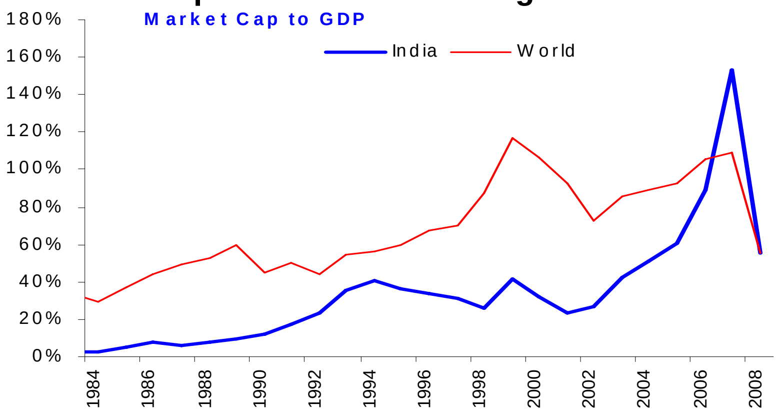
India's Market Cap and GDP Ranking In Sync



India: Mkt Cap/GDP Still Higher than BRIC



India Mkt Cap/GDP: Now Reverting to Global Average

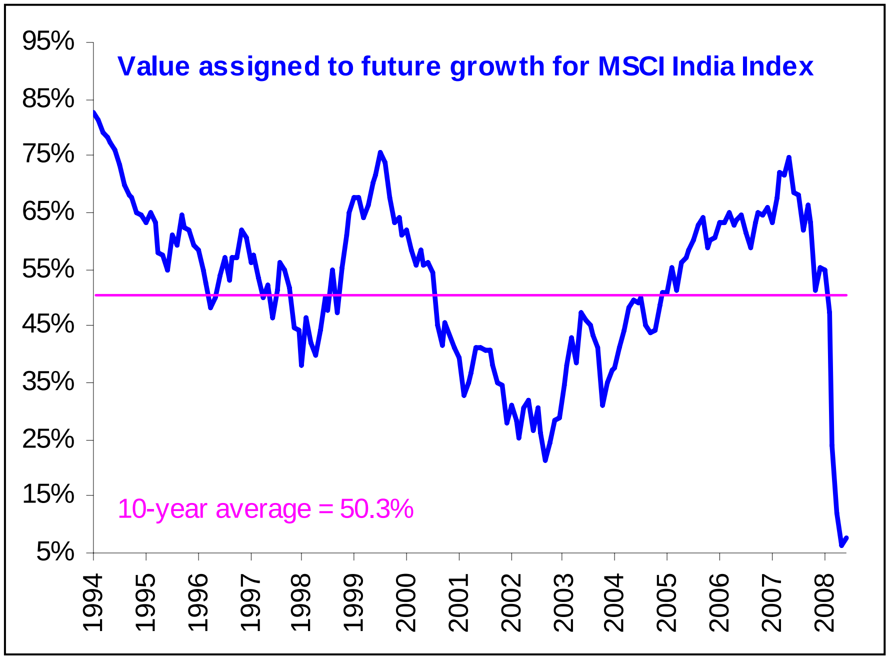


Sources: World federation of Exchanges, Worldscope, FactSet, Morgan Stanley Research

Equity valuations relative to bonds: Are bonds overvalued or equities inexpensive?

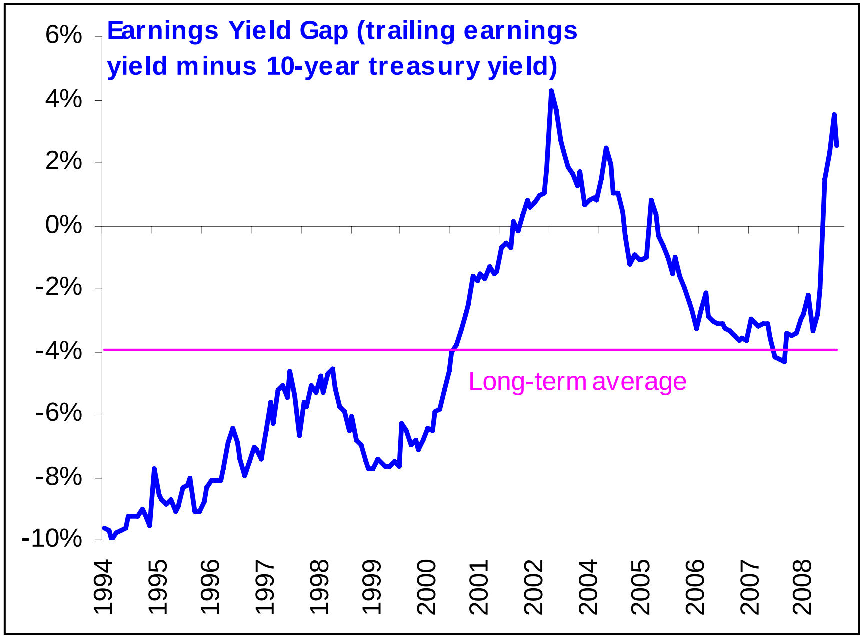
Versus bonds, this is the cheapest valuation that equities have traded at. Just 7% of the index value is assigned to future growth. However, the concern here is that trailing earnings were a bubble and that bonds may be overvalued.

Optimism turning to Pessimism on Future Growth



Sources: FactSet, MSCI, Morgan Stanley Research

Equity Valuations Getting Better Versus Bonds

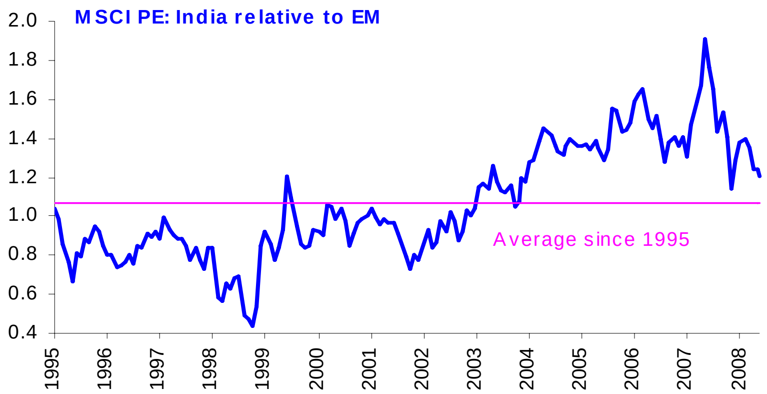


Source: Bloomberg, Morgan Stanley Research

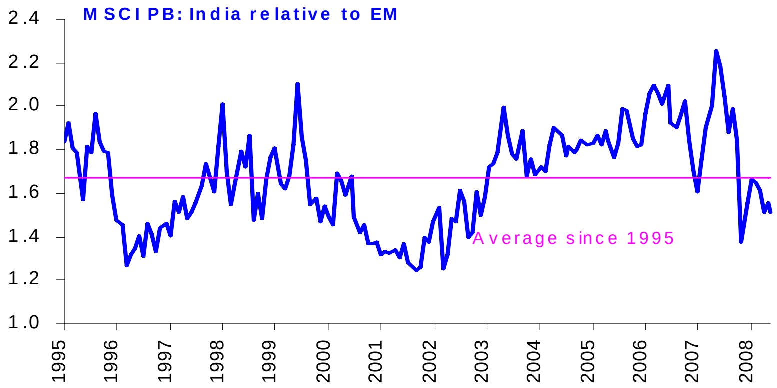
Relative valuations still not compelling

At best, relative valuations to emerging markets are at average levels.

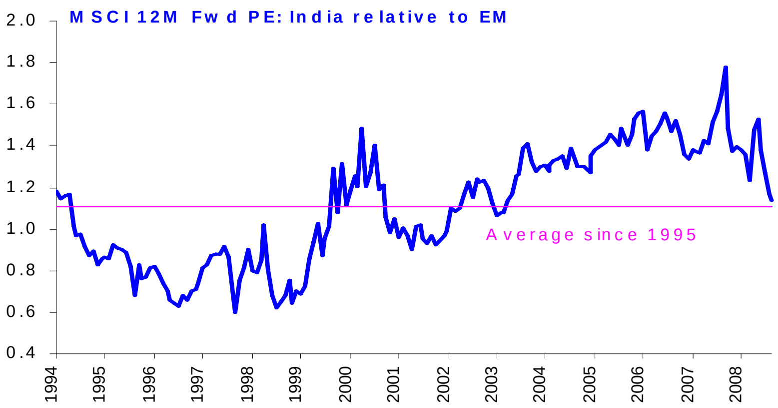
Relative PE Still Above Average



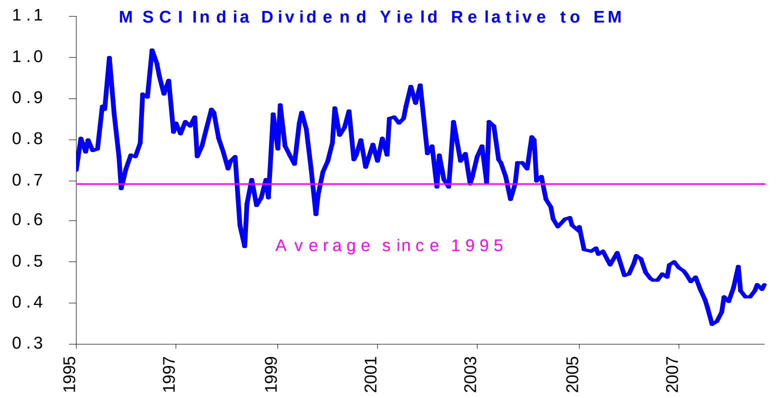
Relative PB At Long term Average



12M Fwd PE Approaching Long-Term Average



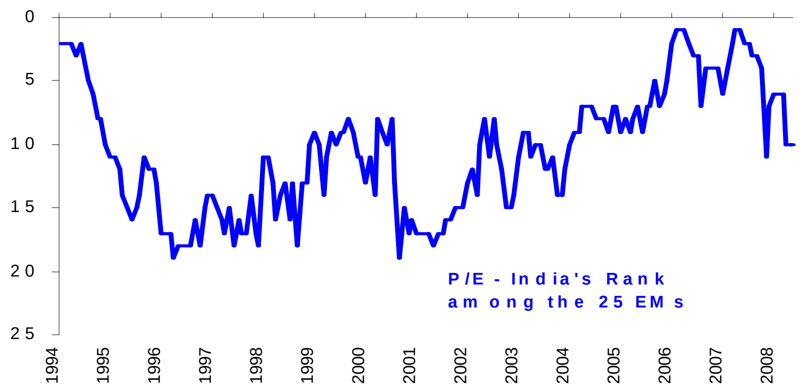
India is Expensive Relative to EM on Dividends

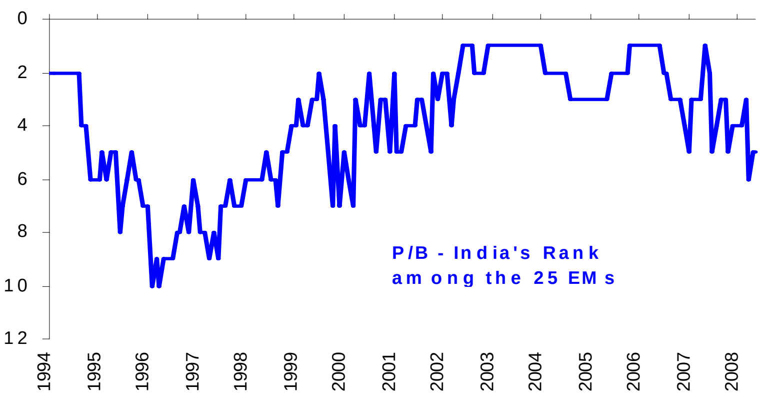


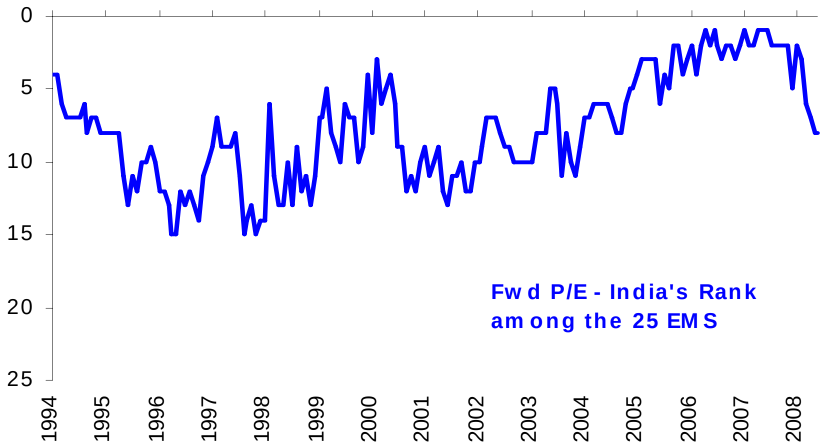
Sources: Worldscope, FactSet,MSCI, Morgan Stanley Research

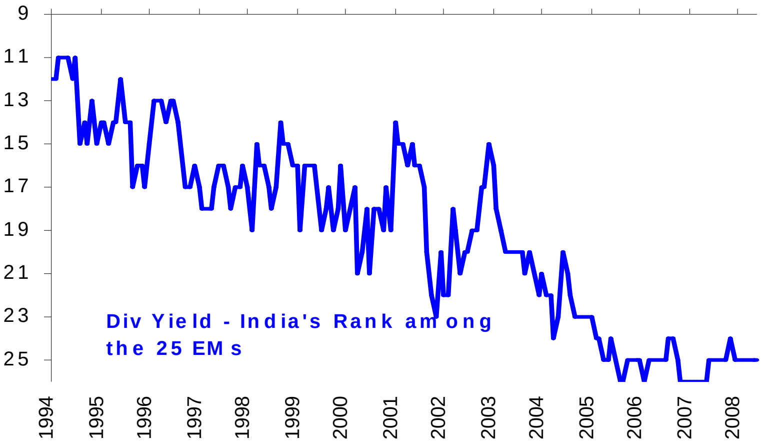
India’s ranking among emerging markets – middling but not persuasive

India used to be the most expensive emerging market for most of 2006 and 2007, as well as the start of 2008. At the beginning of 2009, it is still in the top third but no longer at the top on any metric.









Sources: FactSet, MSCI, Morgan Stanley Research

Sector valuations

Discretionary, staples, healthcare, technology, telecoms and materials are now reasonable or attractive versus EM.

12-Jan-09	Relative to EM PE	PB	ROE	P-B ROE Model Deviation From Fair Value
Consumer Discretionary	1.0	1.6	9%	-10%
Consumer Staples	1.4	3.3	23%	-24%
Energy	1.8	1.6	-2%	27%
Financials	1.5	1.4	0%	14%
Health Care	0.9	1.3	8%	-23%
Industrials	1.7	2.2	5%	50%
Technology	1.2	2.3	15%	-45%
Materials	0.5	0.8	13%	-40%
Telecom	0.7	0.8	2%	-8%
Utilities	1.0	1.8	6%	1%

Implied Dividend growth	Current	Median	Current to Median	Current as SD from Avg
Consumer Discretionary	6%	13%	48%	-169%
Consumer Staples	6%	12%	51%	-112%
Energy	7%	7%	110%	-29%
Financials	11%	12%	99%	-15%
Healthcare	11%	19%	57%	-161%
Industrials	12%	15%	80%	-42%
Technology	6%	20%	31%	-133%
Materials	6%	10%	58%	-104%
Telecom	34%	22%	153%	115%
Utilties	12%	12%	99%	-22%

	MSCI India		Asia Pac		Emerging Markets	
12-Jan-09	PE	Curr / SD from Avg	Rel PE	Curr / SD from Avg	Rel PE	Curr / SD from Avg
Consumer Discretionary	9.1	-159%	1.0	37%	1.0	-38%
Consumer Staples	23.5	-78%	1.6	34%	1.4	-41%
Energy	10.1	-31%	1.1	33%	1.8	162%
Financials	13.3	-5%	1.4	55%	1.5	105%
Health Care	15.5	-135%	0.8	33%	0.9	-43%
Industrials	13.9	-41%	1.8	56%	1.7	120%
Technology	9.6	-88%	1.2	103%	1.2	-75%
Materials	3.2	-284%	0.5	26%	0.5	-156%
Telecoms	7.6	-61%	0.7	45%	0.7	-6%
Utilities	13.0	36%	0.8	33%	1.0	69%

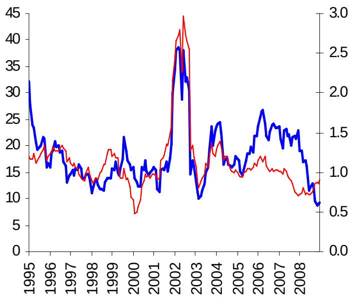
Value Assigned to Future Growh	Current	Median	Current to Median	Current as SD from Avg
Consumer Discretionary	-15%	59%	-25%	-409%
Consumer Staples	55%	75%	74%	-92%
Energy	16%	31%	53%	-13%
Financials	21%	40%	53%	-20%
Healthcare	36%	66%	54%	-189%
Industrials	34%	53%	64%	-69%
Technology	-15%	73%	-21%	-466%
Materials	-50%	15%	-325%	-115%
Telecom	36%	56%	65%	8%
Utilties	56%	47%	119%	77%

Sources: FactSet, MSCI, Morgan Stanley Research

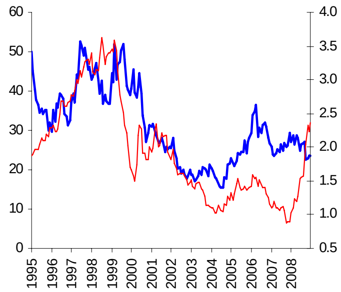
PE valuations for MSCI India Sectors

Blue Line – Price to Earnings – LS
Red line – Sector P/E Relative to MSCI India - RS

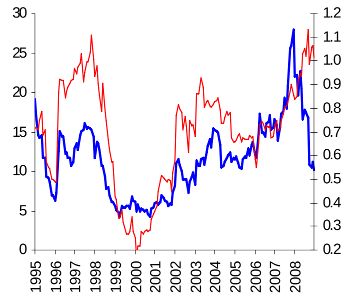
Consumer Disc.



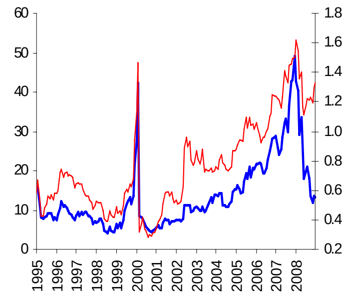
Consumer Staples



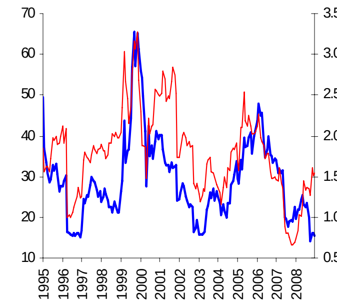
Energy



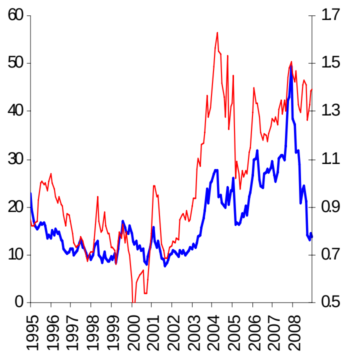
Financials



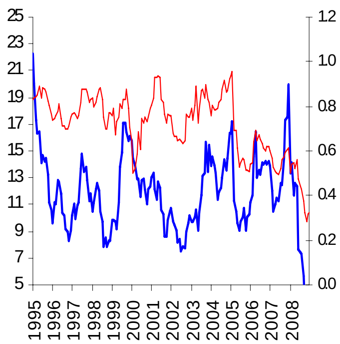
Healthcare



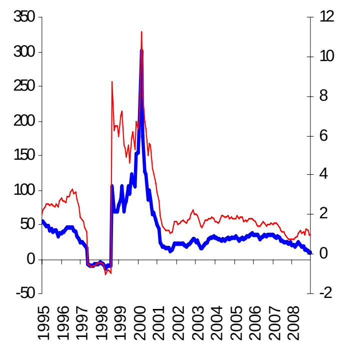
Industrials



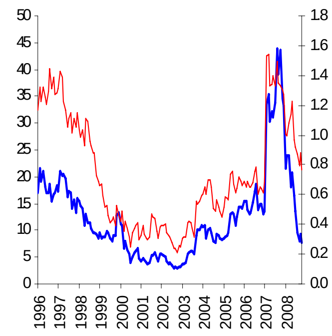
Materials



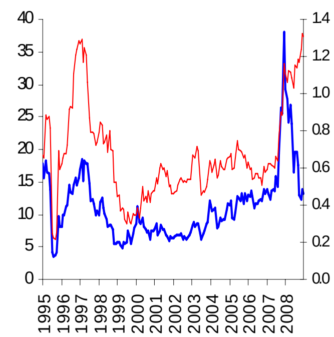
Technology



Telecom

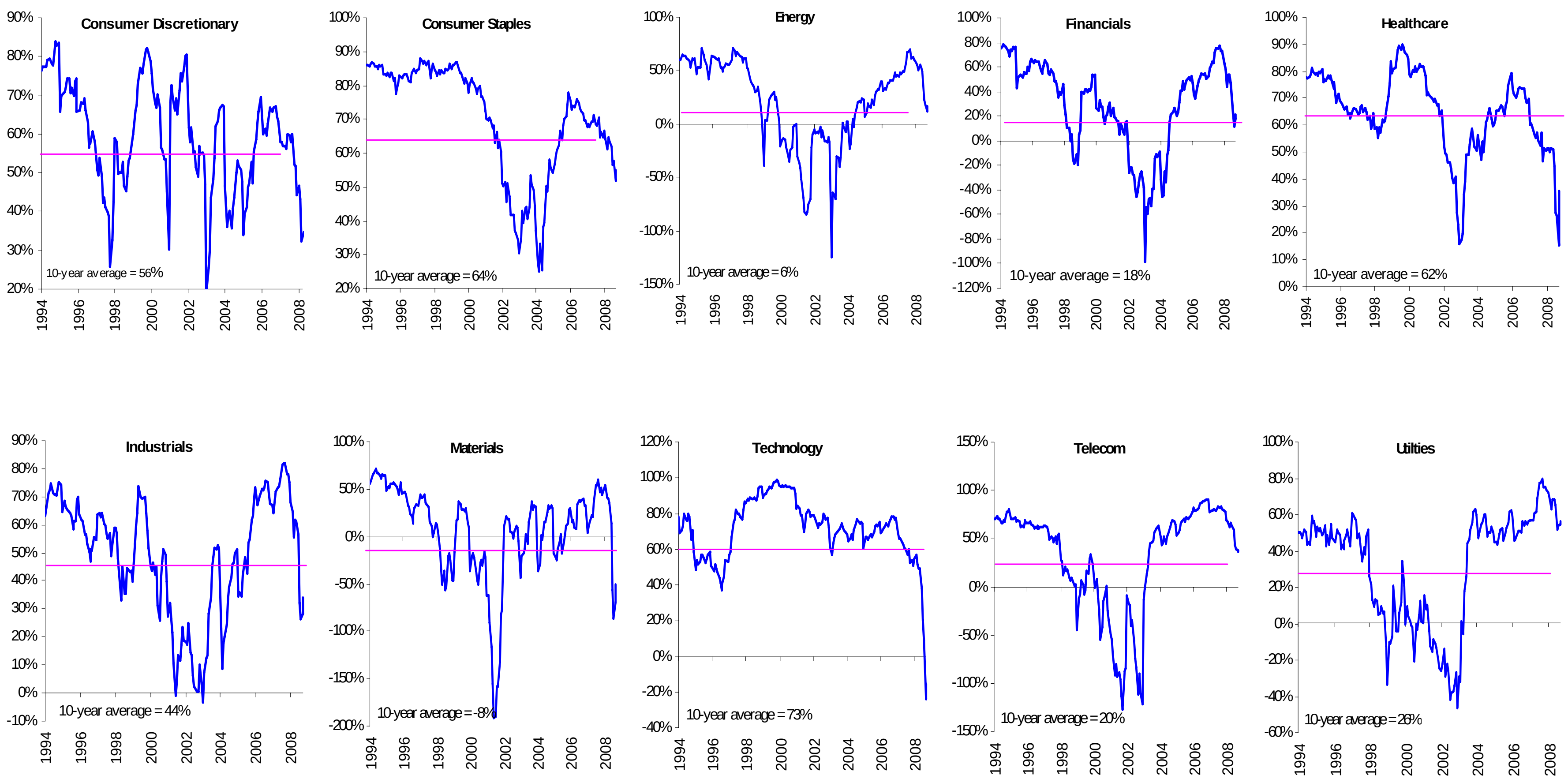


Utilities



Source: FactSet, MSCI, Morgan Stanley Research

Value Assigned to Future Growth at Sector Level

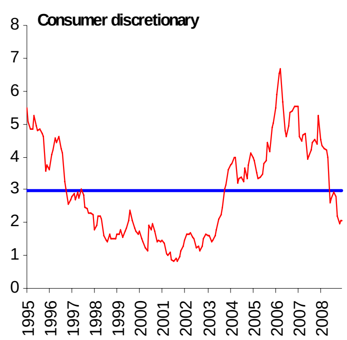


Source: Morgan Stanley Research

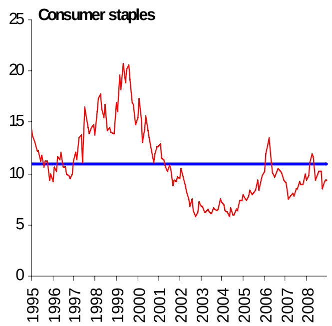
PB valuations for MSCI India Sectors

Red Line – Price to Book
Blue line – Long-term average

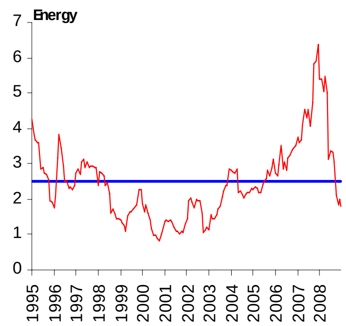
Consumer Disc.



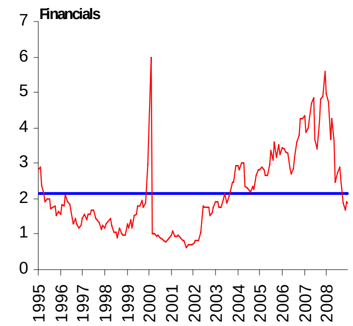
Consumer Staples



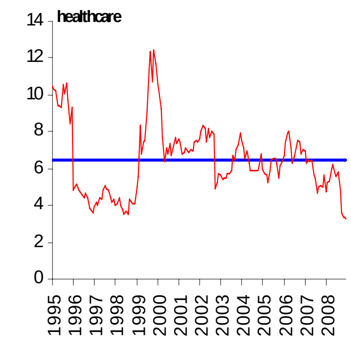
Energy



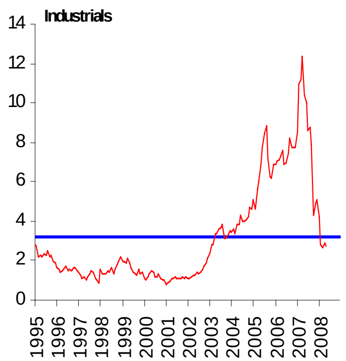
Financials



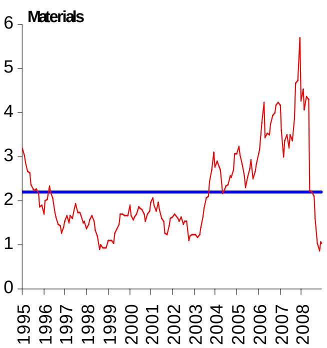
Healthcare



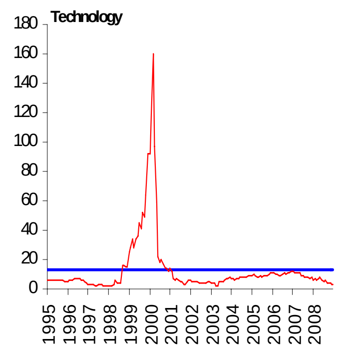
Industrials



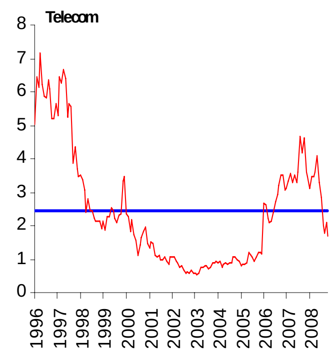
Materials



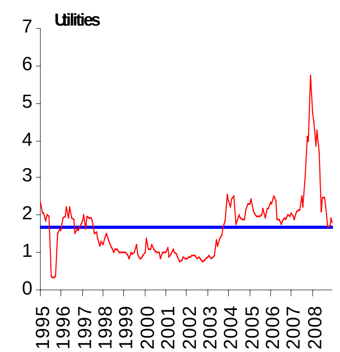
Technology



Telecom



Utilities

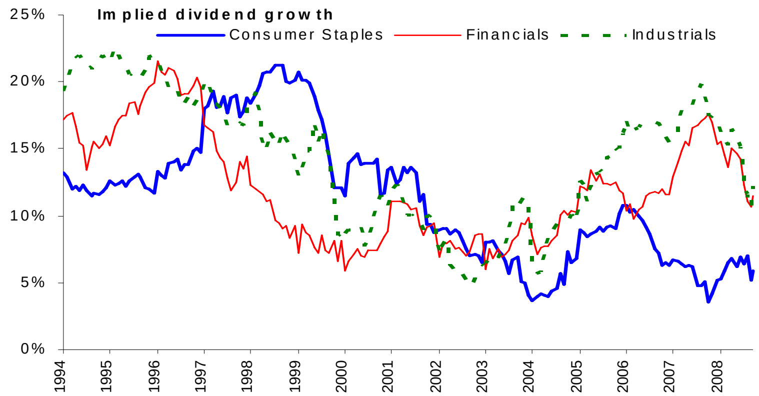


Source: FactSet, MSCI, Morgan Stanley Research

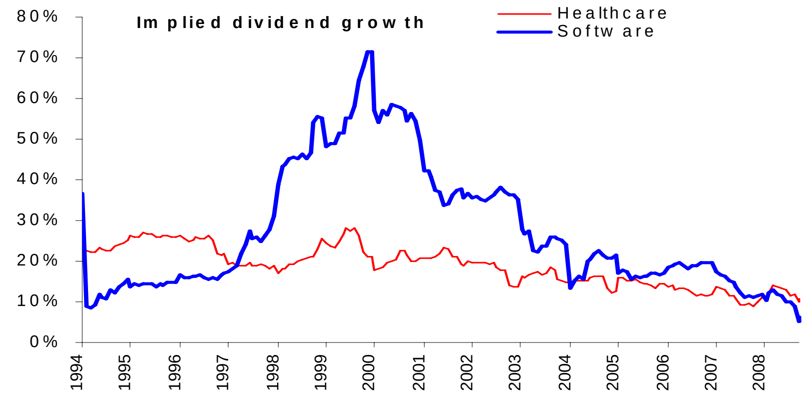
Implied dividend growth for sectors

Consumer staples, technology and healthcare still offering value

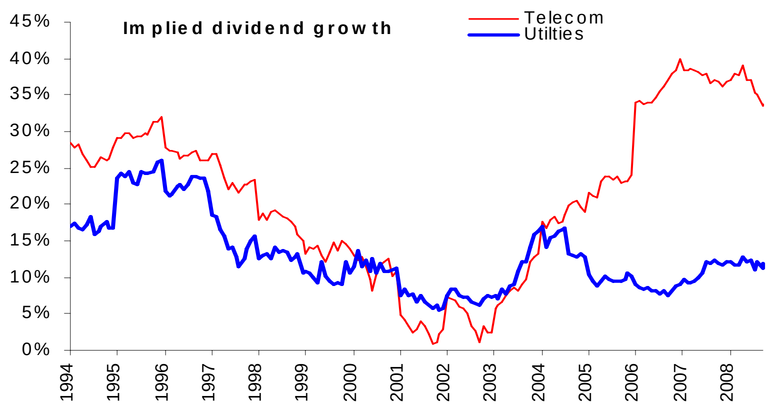
Staples vs. Financials and Industrials



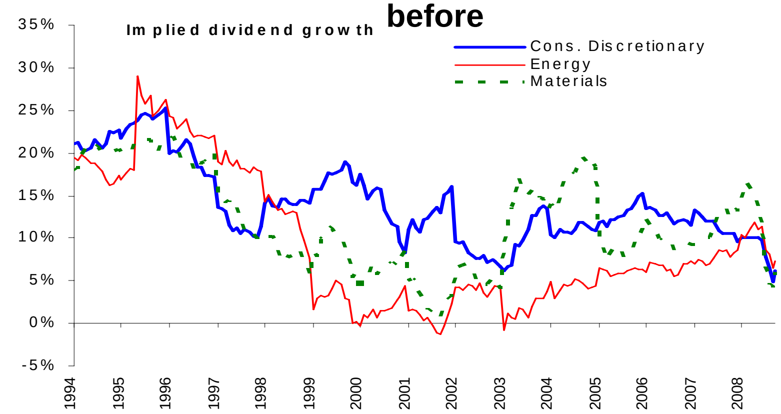
Healthcare vs. Software



Telecoms vs. Utilities



Energy, Materials & Discretionary – Cheaper than before



Sources: Company data, Morgan Stanley Research

MORGAN STANLEY ModelWare	**Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations.** For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

Disclosures Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited and their affiliates (collectively, "Morgan Stanley").

For important disclosures, stock price charts and rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Equity Research Management), New York, NY, 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Ridham Desai.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies.

Important US Regulatory Disclosures on Subject Companies

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

Disclosures *(cont.)*

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. 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..

Global Stock Ratings Distribution

(as of December 31, 2008)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	**811**	**34%**	**240**	**40%**	**30%**
Equal-weight/Hold	**1060**	**45%**	**271**	**45%**	**26%**
Not-Rated/Hold	**33**	**1.4%**	**8**	**1.3%**	**24.2%**
Underweight/Sell	**463**	**20%**	**87**	**14%**	**19%**
Total	**2,367**		**606**		

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.

Analyst Stock Ratings

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.
Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.
Not-Rated/Hold (NA or NAV) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months. Please note that NA or NAV may also be used to designate stocks where a rating is not currently available for policy reasons. For the current list of Not-Rated/Hold stocks as counted above in the Global Stock Ratings Distribution Table, please email morganstanley.research@morganstanley.com.
Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

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.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Disclosures *(cont.)*

Other Important Disclosures

Morgan Stanley produces a research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in this or other research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at www.morganstanley.com.

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities/instruments discussed in Morgan Stanley Research may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities or derivatives of securities of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities or derivatives of securities of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons

Morgan Stanley and its affiliate companies do business that relates to companies/instruments covered in Morgan Stanley Research, including market making and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis.

With the exception of information regarding Morgan Stanley, research prepared by Morgan Stanley Research personnel are based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the closing price on the primary exchange for the subject company's securities/instruments.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index; or any securities/instruments issued by a company that is 30% or more directly- or indirectly-owned by the government of or a company incorporated in the PRC and traded on an exchange in Hong Kong or Macau, namely SEHK's Red Chip shares, including the component company of the SEHK's China-affiliated Corp Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Disclosures *(cont.)*

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives.
Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.
Morgan Stanley Research is disseminated in Japan by Morgan Stanley Japan Securities Co., Ltd.; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services licence No. 233742, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of Morgan Stanley Research in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International plc representative about the investments concerned. In Australia, Morgan Stanley Research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.
The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at wholesale customers only, as defined by the DFSA. This research will only be made available to a wholesale customer who we are satisfied meets the regulatory criteria to be a client.
The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.
As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.
The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.
Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form..

Additional information on recommended securities/instruments is available on request. **H4391R**

The Americas	Europe	Japan	Asia/Pacific
1585 Broadway	20 Bank Street, Canary Wharf	4-20-3 Ebisu, Shibuya-ku	1 Austin Road West
New York, NY 10036-8293	London E14 4AD	Tokyo 150-6008	Kowloon
United States	**United Kingdom**	**Japan**	**Hong Kong**
Tel: +1 (1)212 761 4000	Tel: +44 (0)20 7425 8000	Tel: +81 (0)3 5424 5000	Tel: +852 2848 5200