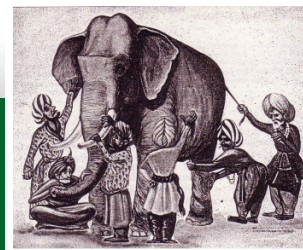




Castle Consulting India

*Retailing is like the
fable of the six blind
men and the elephant.*



Introducing THE RETAIL SITE SELECTION GEO-REPORT



India is now the number one “window of opportunity” for major retailers among 185 emerging countries, according to the 2009 A.T. Kearney Global Retail Development Index™, as well as innumerable other reports. India has greater retail potential than Russia, China, Brazil, Saudi Arabia, Malaysia, and on and on.



The Retail Site Selection Geo-Report is the only weekly newsletter that provides comprehensive and detailed maps, charts, tables, statistics and expert commentary on the most promising 48 Tier II cities throughout India, to assist international and domestic retailers in locating new stores.

As shown in the attached inaugural issue,
each weekly newsletter contains:

- A comparative analysis of all 48 cities on critical retailing factors — consumer demographics, locations of mega malls and leading indicator retailers (by product category), real estate costs and other operating expenses, market saturation rates, etc.
- Twelve pages of in-depth analyses on four cities, with each of the 48 cities being reviewed four times annually.

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Castle Consulting India

The Six Blind Men and The Elephant

RETAIL SITE SELECTION GEO-REPORT February 15, 2010

WHERE TO INVEST IN INDIA'S BOOMING RETAIL SECTOR?

India is now one of the world's most attractive opportunities for retailers. The Subcontinent has 1.2 billion people, one of the world's fastest growth rates in both GDP and household incomes, and an even faster growth rate — in double digits — for organized retail (chain stores). Success stories abound for both international and domestic retailers. Whirlpool, for example, is India's most recognized brand in home appliances, with a 25% market share. Levi Strauss currently has 400 stores, and in the recent past announced expansion plans to 1,050 stores. Reebok, the leading sports and fitness brand in the country with a 54% market share, has announced plans for 900 franchise stores in 300 cities, and so on.

Where, then, to invest in retail facilities? India's eight largest cities have traditionally been the focus of organized retailing. Those markets have become increasingly saturated, however, so attention is now shifting to “Tier II” cities. Based on a comprehensive set of factors, Castle Consulting India has identified 48 Tier II cities with exceptional retail promise; see the map on the left. Each colored circle depicts a given city's location, population, and proximity to India's most densely populated administrative districts.

Each week the Castle Consulting India “Geo-Report” will provide detailed comparisons of these 48 cities, in aggregate (such as the market saturation analysis on Page 2) and individually (as described in the box below).

Our bottom line objective is to assist retailers in finding the most profitable locations throughout India.

— Gilbert Castle, Publisher

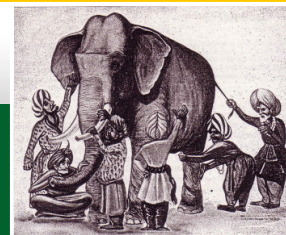
Each issue of the Retail Site Selection Geo-Report examines several dozen factors affecting retail profitability in each of four cities. The cities selected each week vary by location, population and other diversity factors. Every review consists of three pages of maps, charts, and text in a standard format. At the end of this Geo-Report is an Appendix providing background information on definitions, analytic methods, and data sources.

THIS WEEK'S FOUR CITIES

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RETAIL SITE SELECTION GEO-REPORT is published 48 times per year by Castle Consulting, 550 Battery Street, #2009, San Francisco, CA 94111 USA. Castle Consulting can be contacted by telephone or fax at 415-989-9670; by email, at castle.consulting.india@gmail.com. For more information, visit the company's URL at <http://www.castleconsulting.com/India>. — Copyright © 2010 Castle Consulting. All rights reserved.



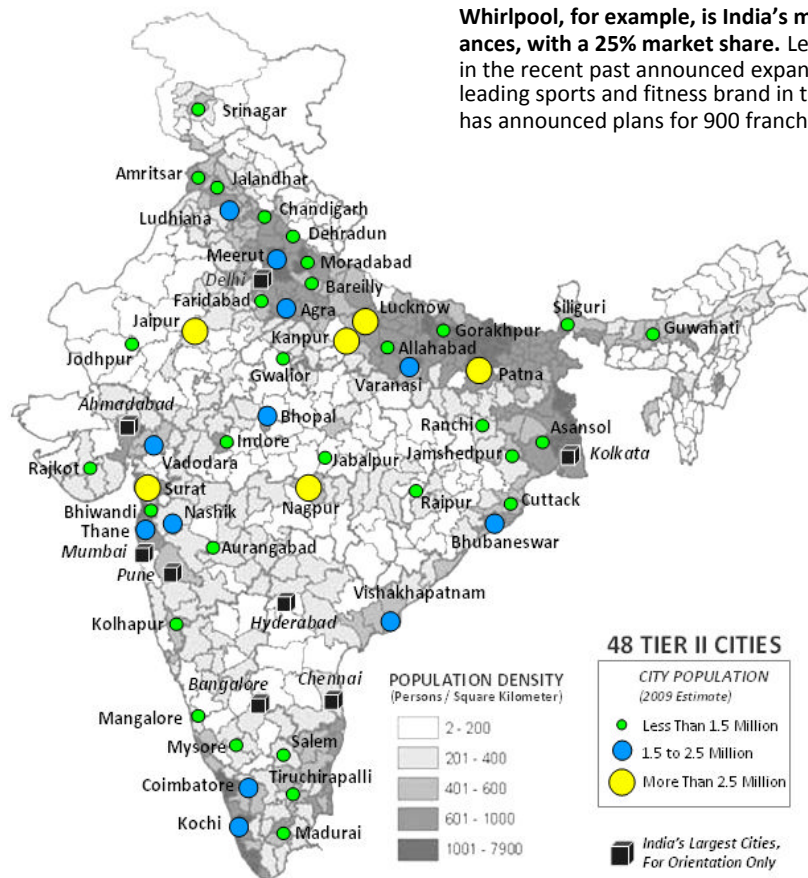
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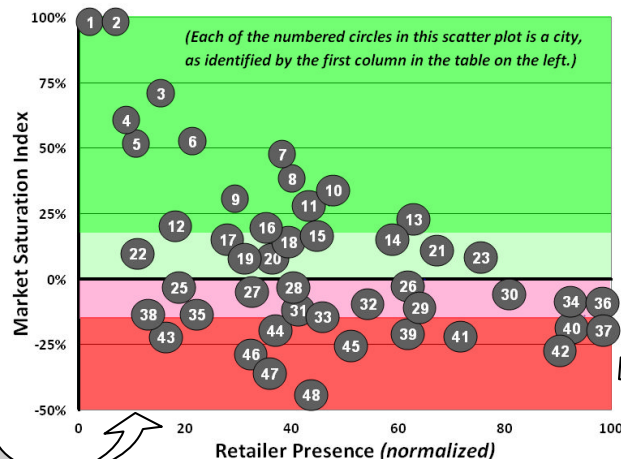
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**THIS WEEK'S INTER-CITY ANALYSIS: RETAILER PRESENCE VS. MARKET SATURATION**

"Retailer Presence" is an index of the number, size and type of "leading indicator retailers" in a city, with 100 being the highest, best score. "Market Saturation" statistically measures whether a city has an underserved retail market or a saturated market, on a percentage basis; again, the higher the number, the better. The table, scattergram, and map below provide information on all 48 cities' Retailer Presence and Market Saturation in comparison to each other.

Shades of green indicate underserved markets, while shades of red indicate saturated markets. Statistically, an increase in retailers does *not* correlate highly with saturation. For example, Amritsar (#10) and Thane (#45) exhibit approximately the same Retailer Presence, but Amritsar can accommodate 28% more retailers while Thane has 26% too many.

	CITY	MARKET SATURATION INDEX	RETAILER PRESENCE (Normalized)
1	Bhiwandi	100%	0
2	Asansol	98%	1
3	Salem	68%	16
4	Moradabad	57%	10
5	Srinagar	51%	11
6	Jodhpur	51%	22
7	Bhopal	45%	39
8	Vishakhapatnam (Vizag)	37%	40
9	Jamshedpur	29%	30
10	Amritsar	28%	47
11	Nashik	26%	44
12	Jabalpur	19%	19
13	Kochi (Cochin)	18%	62
14	Coimbatore	17%	61
15	Mysore	17%	45
16	Aurangabad	12%	37
17	Allahabad	10%	29
18	Patna	10%	38
19	Madurai	8%	33
20	Meerut	7%	37
21	Nagpur	6%	68
22	Bareilly	6%	12
23	Surat	2%	76
24	Kanpur	0%	65
25	Tiruchirapalli (Trichy)	-4%	19
26	Jalandhar	-4%	63
27	Ranchi	-5%	33
28	Rajkot	-5%	42
29	Bhubaneswar	-6%	63
30	Vadodara (Baroda)	-7%	81
31	Mangalore	-11%	43
32	Agra	-11%	55
33	Varanasi	-12%	46
34	Ludhiana	-14%	95
35	Kolhapur	-14%	22
36	Jaipur	-15%	100
37	Lucknow	-15%	100
38	Gorakhpur	-17%	14
39	Guwahati	-19%	63
40	Chandigarh	-19%	94
41	Faridabad	-21%	72
42	Indore	-21%	93
43	Cuttack	-22%	16
44	Dehradun	-24%	38
45	Thane	-26%	51
46	Siliguri	-33%	34
47	Gwalior	-36%	35
48	Raipur	-45%	44



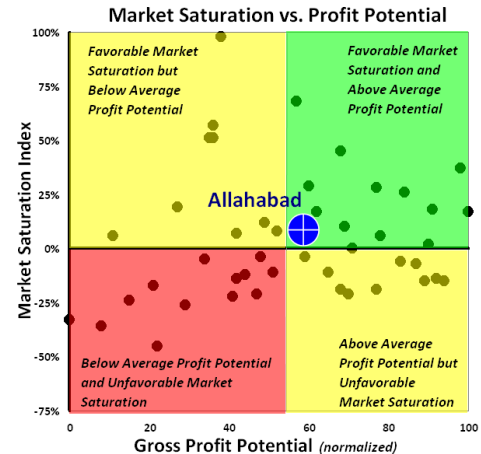


Allahabad, Uttar Pradesh, India

One of India's holiest cities and a major pilgrim destination, the "City of God" is at the confluence of the holy rivers Ganges and Yamuna.

On the right is a scattergram of the 48 Tier II cities, arraying estimates of Market Saturation against Gross Profit Potential; see the Appendix for definitions of each index. Allahabad's overall retail attractiveness rating lies within (albeit barely) the best quadrant, i.e., Allahabad's retail market is underserved and the profit potential is above average.

As shown below, most of the leading indicator retailers, major shopping centers, and other retail-correlative sites have located in the Darbhanga Colony district. Allahabad's Retailer Presence is notably below average for the 48 cities, especially for luxury goods (see Page 4). Demographics and other demand-side factors are average, but retail operating expense indicators are among the best (see Page 5).



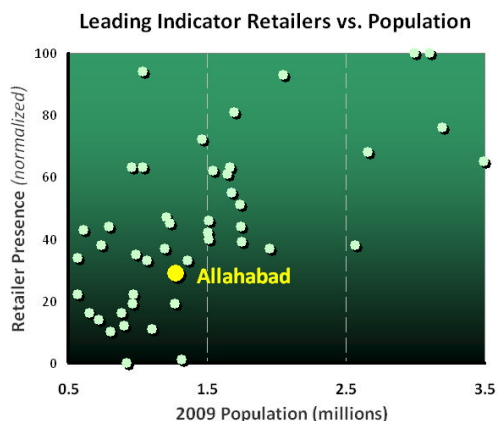
INTERNATIONAL AND DOMESTIC LEADING INDICATOR RETAILERS

1 Audi, BMW, Etc.	12 Globus	23 Rado
2 Baskin Robbins	13 Lee	24 Reebok
3 Bose	14 Lee Cooper	25 Sony
4 Calvin Klein	15 Levi's	26 Spencer Hypermarkets
5 Casio	16 Liberty	27 Star & Sitara Salon
6 Celio	17 Lilliput	28 Style Furniture Spa
7 Crossword Books	18 L'Oreal	29 Tanishq
8 Dominos Pizza	19 MacDonalds	30 Van Heusen
9 Ebony	20 Music World	31 Westside Trent
10 Esprit	21 Nike	32 Whirlpool
11 Furniture Bazaar	22 Philips	

MEGA MALLS & OTHER KEY SITES

- A Big Bazaar Mall
- B Atlantis Mall
- C Salasar Rizvi Plaza Mega Store
- D Vishal Mega Mart
- E Tulsiani Plaza
- ★ Hotel Kanha Shyam
- ★ Hotel Samrat
- ★ Grand Continental Hotel

Allahabad (Continued)



On the left is a scattergram of the 48 cities arraying Retail Presence (again, an index based on the number, size and type of leading indicator retailers) against the estimated population. Compared to other cities of its size (looking vertically above and below Allahabad's yellow dot in the chart), Allahabad lies in the middle of the group. However, referring to the first three rows of the table below, compared to all 48 cities Allahabad ranks low in terms of Total Retail Presence (13th out of 48), percentage of international retailers (17th), and especially retailers that focus on the highest income households in India (5th).

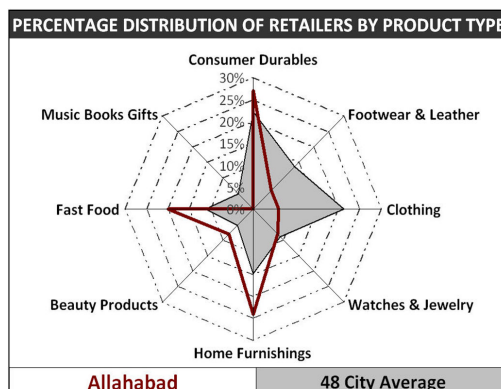
On the other hand, when ranked by the percentage of retailers in specific product categories, Allahabad ranks very high in Fast Food Restaurants like Macdonald's (46th) and Home Furnishings (43rd), and to a lesser extent Beauty Products and Consumer Durables.

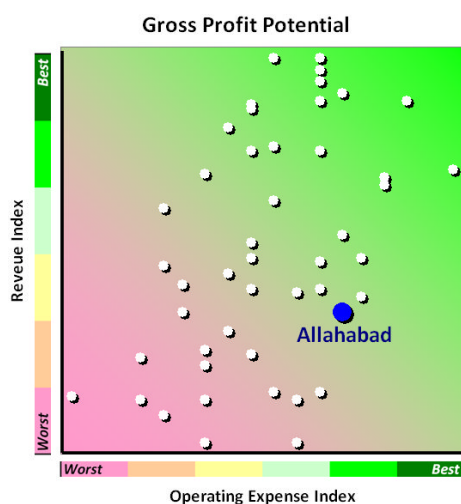
The Market Saturation Index addresses whether a city has too many or too few retailers. Allahabad (ranked 32nd) needs more retailers.

Leading Indicator Retailers								
Category	Variable	Value and/or Ranking	Ranking of ALLAHABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Overview	Total Retail Presence (Number & Size of Stores)	13		↑				
	Percent International Retailers	53% → 17			↑			
	Percent High-End Retailers ("SEC A" Focus)	8% → 5	↑					
Percentage Distribution of Retailers By Product Type	Fast Food Restaurants	20% → 46						↑
	Clothing	6% → 4	↑					
	Consumer Durables	27% → 31				↑		
	Watches & Jewelry	8% → 21			↑			
	Home Furnishings	24% → 43						↑
	Beauty Products	8% → 34					↑	
	Footwear & Leather	6% → 9		↑				
	Music, Books, Gifts	(None)	↑					
MARKET SATURATION INDEX (For All Leading Indicator Retailers Combined)		Ranking	Ranking of ALLAHABAD Among the 48 Cities					
		Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48	
		32						↑

The table above and the radar graph on the right both show the percentage distribution of Allahabad's leading indicator retailers among eight standard India product categories. Note that the greatest number of retailers are in Consumer Durables (27%), Home Furnishings (24%), and Fast Food Restaurants (20%)

The radar graph compares Allahabad's percentage distributions to the averages for the 48 cities. For example, Home Furnishing retailers comprise 24% of Allahabad's Retailer Presence compared to an average of 15% for all 48 cities. In the same manner, while Clothing accounts for 6% of Allahabad's Retailer Presence, the average percentage of Clothing retailers in the 48 cities is much higher at 21%.



**Allahabad (Continued)**

Concerning revenues (the first table below), in comparison to the other 47 cities Allahabad ranks consistently a little below average in size, growth rate, and high income households. Allahabad is also middle-of-the road regarding Castle Consulting India's four "branding" indices; see the Appendix for explanations of each index. The notable exception is the Intellectual Property Index. Allahabad is particularly education-centric, with three of India's official "Deemed" universities; and correspondingly the local economy rates high in Information Technology (IT) and Business Process Outsourcing (BPO). The resulting Overall Revenue Index is below average.

Regarding operating expenses, Allahabad ranks favorably above average for all the factors except proximity to a seaport. Its high ranking for real estate prices (in the 33 to 40 group) is especially attractive.

Combining Allahabad's Overall Revenue Index rank (17th) and Operating Expense Index rank (40th) leads to a Gross Profit Index rank of slightly above average (26th). Similarly, the chart on the left is a scattergram arraying the revenue index against the operating expense index for all 48 cities. Allahabad's data point is unexceptional.

REVENUE INDEX								
Category	Variable	Value and/or Ranking	Ranking of ALLAHABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Demographics	Population 2009	1,272,612 → 25						
	Population Increment 2001 to 2009	297,219 → 19						
	% Population Growth 2001 to 2009	23.4% → 20						
	High Income Households Index	23						
Branding	Economic Power Index	9 to 16 Group						
	Tourism Index	25 to 32 Group						
	Intellectual Property Index	41 to 48 Group						
	"Buzz" Index	17 to 24 Group						
Overall Revenue Index (48 Is Best Ranking)		17						

OPERATING EXPENSE INDEX								
Category	Variable	Value and/or Ranking	Ranking of ALLAHABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Real Estate	Rental and Purchase Prices	33 to 40 Group						
	Number of Malls	25 to 32 Group						
Supply Chain Accessibility	Airport (Type or Driving Time To Nearest)	Domestic						
	Seaport (Major Seaport or Distance To Nearest)	Beyond 200 Miles						
	Regional Retail-Specific Warehouse	Within 100 Miles						
	AIRPORT + SEAPORT + WAREHOUSE	26						
Overall Operating Expense Index (48 Is Best Ranking)		40						

REVENUES - OPERATING EXPENSE = GROSS PROFIT INDEX (Before Considering Competitors)	Ranking	Ranking of ALLAHABAD Among the 48 Cities					
		Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
	26						



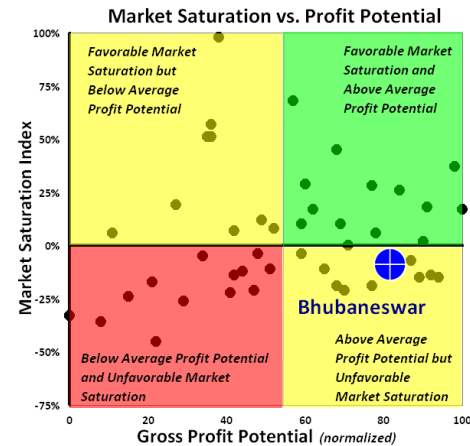
Bhubaneswar, Orissa, India

The “Temple City” has more than 600 Hindu temples, and is also known as one of India’s greenest and cleanest metropolitan areas.

As shown in the scattergram, Bhubaneswar has a slight excess of leading indicator retailers — though niche retailing opportunities remain, especially for expensive goods (see Page 7). The city’s profit potential is especially noteworthy, one of the highest among the 48 cities (Page 8).

The map shows several districts where retailers, malls, and other correlative businesses have located (in contrast to Allahabad’s one district). The largest cluster is along Janpath, in Units 1, 2, 3 and 9.

Bhubaneswar is one of 10 of the 48 cities to host two major international banks and a luxury automobile dealership (Mercedes Benz).



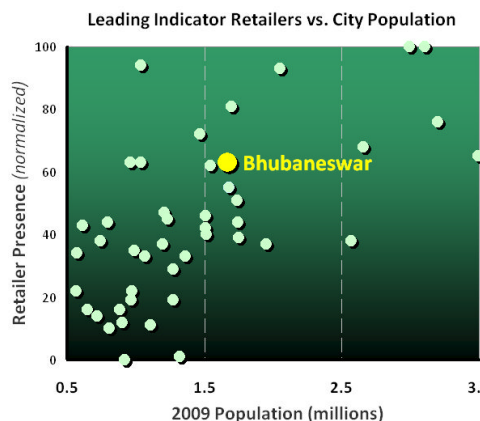
INTERNATIONAL AND DOMESTIC LEADING INDICATOR RETAILERS

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3 Bose	14 Lee Cooper	25 Sony
4 Calvin Klein	15 Levi's	26 Spencer Hypermarkets
5 Casio	16 Liberty	27 Star & Sitara Salon
6 Celio	17 Lilliput	28 Style Furniture Spa
7 Crossword Books	18 L'Oreal	29 Tanishq
8 Dominos Pizza	19 MacDonalds	30 Van Heusen
9 Ebony	20 Music World	31 Westside Trent
10 Esprit	21 Nike	32 Whirlpool
11 Furniture Bazaar	22 Philips	

MEGA MALLS & OTHER KEY SITES

- (A) Big Bazaar Mall
- (B) Atlantis Mall
- (C) Salasar Rizvi Plaza Mega Store
- (D) Vishal Mega Mart
- (E) Tulsiani Plaza
- HSBC HSBC Bank India
- Citi Citibank
- ★ Trident Hotel
- ★ Swosti Premium Hotel

Bhubaneswar (Continued)



Bhubaneswar has one of the largest concentrations of retailers among the Tier II cities, both within its population cohort and among all 48 cities. Referring to the table below, while Bhubaneswar's Total Retail Presence ranking is 36th out of 48, its percentage ranking of international retailers is lower (28th), and its expensive goods ranking is actually below average (19th). Prior to examining Bhubaneswar's retail demand-side characteristics (on Page 8), this suggests that the city is underserved by high-end retailers.

Bhubaneswar's percentage distribution of retailers by product category reinforces the high-end opportunity. Bhubaneswar is ranked very low compared to the other 47 cities vis-à-vis its percentage of leading indicator retailers that offer Watches and Jewelry (7th). Moreover, Bhubaneswar has no leading indicator retailers in the category of Music, Books and Gifts.

The Market Saturation Index ranking (20th) is a slightly unfavorable.

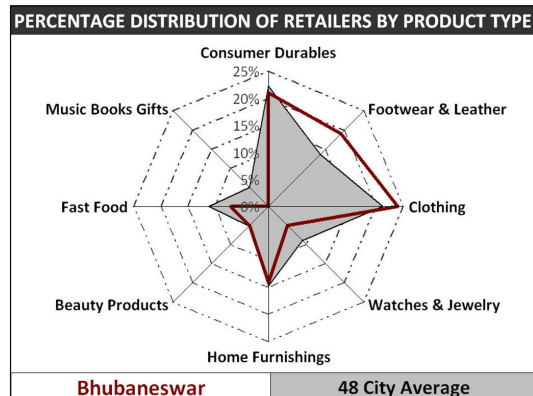
Leading Indicator Retailers									
Category	Variable	Value and/or Ranking	Ranking of BHUBANESWAR Among the 48 Cities						
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48	
Overview	Total Retail Presence (Number & Size of Stores)	36							
	Percent International Retailers	60% → 28							
	Percent High-End Retailers ("SEC A" Focus)	19% → 19							
Percentage Distribution of Retailers By Product Type	Fast Food Restaurants	7% → 14							
	Clothing	24% → 34							
	Consumer Durables	21% → 23							
	Watches & Jewelry	5% → 7							
	Home Furnishings	14% → 20							
	Beauty Products	5% → 24							
	Footwear & Leather	19% → 38							
	Music, Books, Gifts	(None)							

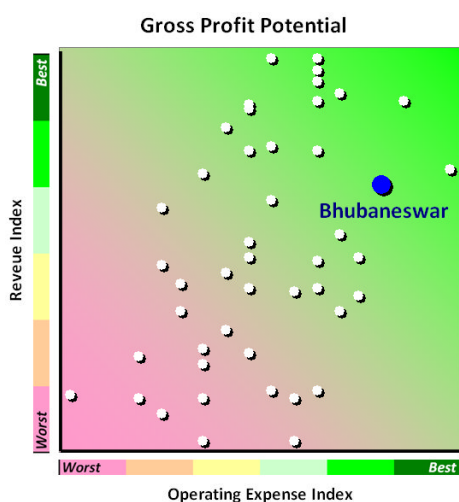
Market Saturation Index (For All Leading Indicator Retailers Combined)		Ranking	Ranking of BHUBANESWAR Among the 48 Cities						
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48	
		20							

The radar graph confirms the above observations. Compared to the average percentage distributions of all 48 cities, Bhubaneswar is deficient in retailers of luxury goods. Though only a minority of the 48 cities have leading indicator retailers in the category of Music, Books, and Gifts, their absence in Bhubaneswar is conspicuous given the city's size and abundance of other retailers.

Interestingly, the city is also below average in international Fast Food Restaurants. Baskin Robbins is present, but not Macdonald's or Dominos Pizza.

In contrast, Bhubaneswar does have above average concentrations of retailers in Clothing, Footwear and Leather.



**Bhubaneswar (Continued)**

Concerning retail demand *a.k.a.* revenue potential, Bhubaneswar has the enviable distinction of being not only one of the most populous cities but also one of the most rapidly growing — that is, a large and rapidly expanding market. The number of high income households is less impressive, only a little above average. The good news picks up again with Bhubaneswar's very high ranking for the four "branding" themes. Bhubaneswar has a strong and diverse economic base, benefiting from being the capital city of the State of Orissa; the recipient of large private and public investments in telecommunications, IT and higher education; a national transportation hub including a major seaport nearby, and so on. Tourists are drawn by the city's hundreds of temples and renown architecture. Dozens of colleges and universities — many emphasizing engineering — contribute both to Intellectual Property and Economic Power.

Low rents, many malls, and excellent accessibility combine to make Bhubaneswar the 3rd best city of the 48 vis-à-vis operating costs.

Taken together, the Overall Revenue Index and Operating Expense Index yield a high Gross Profit Potential ranking of 39th out of 48.

REVENUE INDEX								
Category	Variable	Value and/or Ranking	Ranking of BHUBANESWAR Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Demographics	Population 2009	1,666,429 → 34					↑	
	Population Increment 2001 to 2009	1,018,397 → 47						↑
	% Population Growth 2001 to 2009	61.1% → 46						↑
	High Income Households Index	27				↑		
Branding	Economic Power Index	33 to 40 Group					↑	
	Tourism Index	33 to 40 Group					↑	
	Intellectual Property Index	33 to 40 Group					↑	
	"Buzz" Index	25 to 32 Group				↑		
Overall Revenue Index (48 Is Best Ranking)		32					↑	

OPERATING EXPENSE INDEX								
Category	Variable	Value and/or Ranking	Ranking of BHUBANESWAR Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Real Estate	Rental and Purchase Prices	33 to 40 Group						
	Number of Malls	33 to 40 Group						
Supply Chain Accessibility	Airport (Type or Driving Time To Nearest)	Domestic						
	Seaport (Major Seaport or Distance To Nearest)	Within 100 Miles						
	Regional Retail-Specific Warehouse	Beyond 100 Miles						
	AIRPORT + SEAPORT + WAREHOUSE	44						
Overall Operating Expense Index (48 Is Best Ranking)		46						

REVENUES - OPERATING EXPENSE = GROSS PROFIT INDEX (Before Considering Competitors)			Ranking of BHUBANESWAR Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Ranking								↑
39								↑

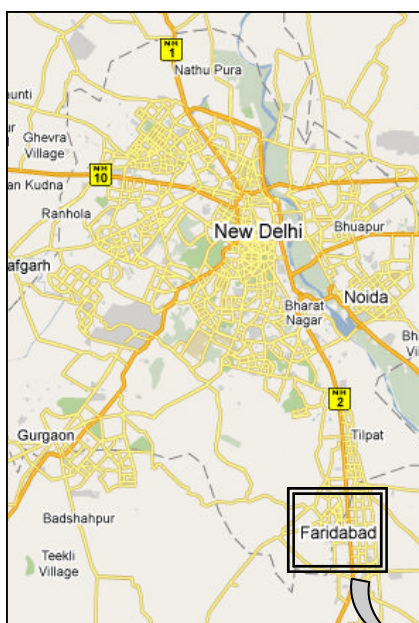
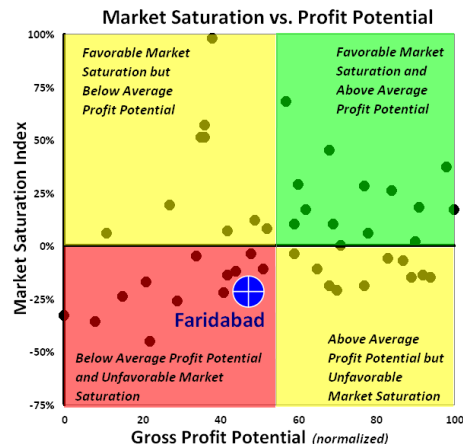


Faridabad, Haryana, India

Faridabad is not only in the path of growth from Delhi but also is an important industrial city in its own right. Faridabad lies within the National Capital Region (NCR), the world's largest urban agglomeration.

Innumerable international companies have located offices, retail outlets, and luxury residences in Gurgaon and other cities at New Delhi's periphery. Faridabad has been a candidate for similar attention. As depicted by Faridabad's position in the scattergram of the 48 cities on the right, however, Faridabad at present is in the worst quadrant for Profit Potential and Market Saturation. The underlying reasons emerge from an examination of its retail-related attributes (Pages 10 and 11).

Faridabad's retailers, mega malls, major hotels, etc., are distributed citywide on a long north-south axis that reaches toward New Delhi. The main cluster is in the central area around Old Faridabad, shown below.

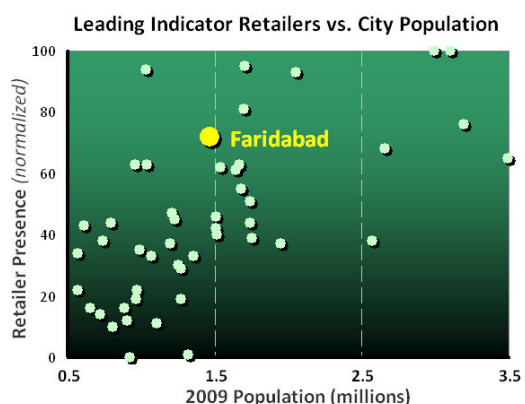


INTERNATIONAL AND DOMESTIC LEADING INDICATOR RETAILERS

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10 Esprit	21 Nike	32 Whirlpool
11 Furniture Bazaar	22 Philips	

MEGA MALLS & OTHER KEY SITES

- (A) Ansal Crown Plaza
- (B) Eldeco Station Mall
- (C) Eros Square Grand Mall
- (D) SRS Mall
- (E) Manhattan Mall
- ★ Millennium Hotel

**Faridabad (Continued)**

Like Bhubaneswar, Faridabad has a large number of retailers relative not only to the cities in its population cohort but also relative to all the other 47 Tier II cities. Faridabad surpasses Bhubaneswar by having very high rankings for the percentage of international leading indicator retailers (33rd out of 48), high-end retailers (34th), and especially total retailers (41st).

While a great many retailers have been most drawn to Faridabad, the categories of retailers showing the greatest interest have been in Fast Food Restaurants, Clothing, and Footwear and Leather. Relatively speaking, lesser interest has been shown by retailers of luxury products (Watches and Jewelry, etc.), perhaps reflecting Faridabad's industrial city character.

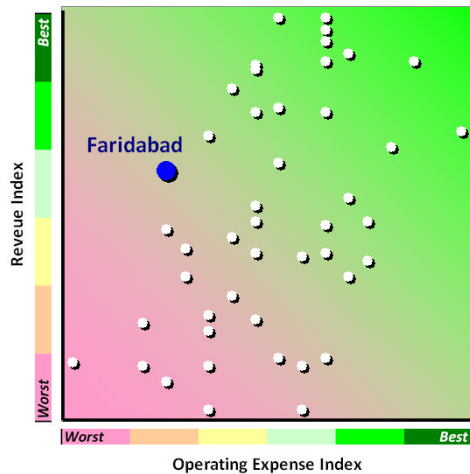
Faridabad's market saturation ranking is among the very worst (8th out of 48). Castle Consulting India determines the Market Saturation Index from a statistical model of actual leading indicator retailers in comparison to the number of retailers a market can support. Faridabad has more than enough retailers for now.

LEADING INDICATOR RETAILERS								
Category	Variable	Value <i>and/or</i> Ranking	Ranking of FARIDABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Overview	Total Retail Presence (<i>Number & Size of Stores</i>)	41						
	Percent International Retailers	62% → 33						
	Percent High-End Retailers (<i>"SEC A" Focus</i>)	26% → 34						
Percentage Distribution of Retailers By Product Type	Fast Food Restaurants	19% → 45						
	Clothing	25% → 36						
	Consumer Durables	20% → 20						
	Watches & Jewelry	4% → 6						
	Home Furnishings	13% → 19						
	Beauty Products	3% → 19						
	Footwear & Leather	17% → 33						
	Music, Books, Gifts	6% → 29						
MARKET SATURATION INDEX <i>(For All Leading Indicator Retailers Combined)</i>			Ranking of FARIDABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
			8					

Faridabad may have a relatively small portion of its retailers in luxury goods, but — as shown in the radar graph on the right — it is still not much below the 48 city average. Like Bhubaneswar, there might be a niche opportunity for high-end retailers in Faridabad, but not as clear an opportunity.

At the other end of the spectrum, Faridabad may have an excessive number of retailers in Clothing, Footwear and Leather, and especially Fast Food Restaurants, judging from the averages for all 48 cities. (Note that not all the retailers appear within the boundary of the map on Page 9; for example, Macdonald's, Dominos Pizza, and Baskin Robbins all have at least one outlet in Faridabad.)

PERCENTAGE DISTRIBUTION OF RETAILERS BY PRODUCT TYPE

**Faridabad (Continued)****Gross Profit Potential**

Faridabad is the industrial heart of the State of Haryana, and generates about 60% of the State's revenue. The city is the home of hundreds of companies, including many serving global markets.

Looking at Faridabad's rankings for the revenue-related factors in the table below, the city is consistently above average — with a gratifyingly high ranking for high income households (37th out of 48). The only disappointments are the branding themes of Tourism and Intellectual Property. As a result, the overall revenue potential ranking is a respectable but not stellar 30th out of 48.

Turning to operating expenses, Faridabad has very favorable rankings for all categories except proximity to a seaport and real estate costs. The latter is critical since the largest expense for retailers in India is often their real estate costs. Faridabad has among the highest real estate costs of any of the 48 cities — thereby weighing down the city's overall operating expense ranking to a dismal 6th out of 48.

Faridabad's Revenue Index partially offsets the Operating Expense Index, resulting in a Profit Potential ranking (20th out of 48) that is slightly below average. Faridabad's position among 48 cities in the revenues-versus-expenses scattergram tells the same story.

REVENUE INDEX								
Category	Variable	Value and/or Ranking	Ranking of FARIDABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Demographics	Population 2009	1,464,121 → 28				↑		
	Population Increment 2001 to 2009	408,183 → 28				↑		
	% Population Growth 2001 to 2009	27.9% → 32					↑	
	High Income Households Index	37					↑	
Branding	Economic Power Index	25 to 32 Group				↑		
	Tourism Index	17 to 24 Group			↑			
	Intellectual Property Index	9 to 16 Group		↑				
	"Buzz" Index	25 to 32 Group				↑		
Overall Revenue Index (48 Is Best Ranking)		30				↑		

OPERATING EXPENSE INDEX								
Category	Variable	Value and/or Ranking	Ranking of FARIDABAD Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Real Estate	Rental and Purchase Prices	1 to 8 Group	↑					
	Number of Malls	33 to 40 Group					↑	
Supply Chain Accessibility	Airport (Type or Driving Time To Nearest)	.75 Hours Drive					↑	
	Seaport (Major Seaport or Distance To Nearest)	Beyond 200 Miles			↑			
	Regional Retail-Specific Warehouse	Within 100 Miles					↑	
	AIRPORT + SEAPORT + WAREHOUSE	18			↑			
Overall Operating Expense Index (48 Is Best Ranking)		6	↑					

REVENUES - OPERATING EXPENSE = GROSS PROFIT INDEX (Before Considering Competitors)			Ranking of FARIDABAD Among the 48 Cities					
Ranking			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
20					↑			

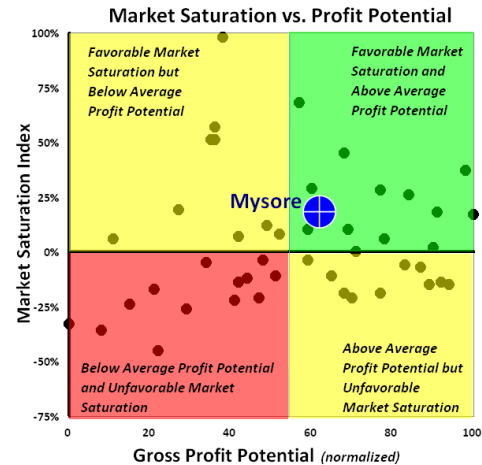


Mysore, Karnataka, India

Tourism has long been the main industry in the “City of Palaces” (one of which, Lalitha Mahal, is now a five star hotel). In recent years, though, Mysore has also become one of India’s leading information technology centers. For example, Infosys Technologies Limited built the largest training center for a private sector organization in Asia.

Mysore is one of the handful of 48 cities that enjoys both an above average retail profit potential and capacity for more retailers; see the scattergram on the right, and supporting details on Pages 13 and 14.

The principal cluster of leading indicator retailers is in the center of the city in the vicinity of Devaraj Urs Road. As shown on the map, though, retailers and other correlative businesses also cluster elsewhere, and the notable mega mall is entirely removed from the center city, about three miles away on Ring Road.



Retail locations are approximate (within 1/2 mile)



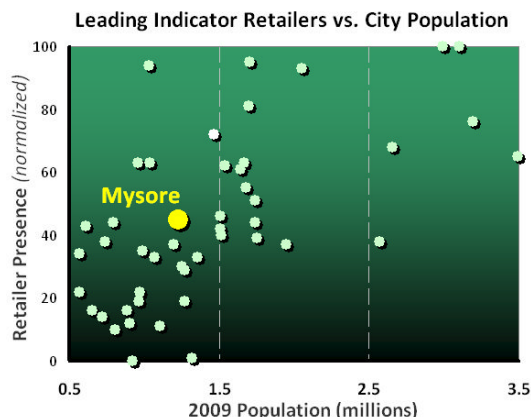
INTERNATIONAL AND DOMESTIC LEADING INDICATOR RETAILERS

1 Audi, BMW, Etc.	12 Globus	23 Rado
2 Baskin Robbins	13 Lee	24 Reebok
3 Bose	14 Lee Cooper	25 Sony
4 Calvin Klein	15 Levi's	26 Spencer Hypermarkets
5 Casio	16 Liberty	27 Star & Sitara Salon
6 Celio	17 Lilliput	28 Style Furniture Spa
7 Crossword Books	18 L'Oreal	29 Tanishq
8 Dominos Pizza	19 MacDonalds	30 Van Heusen
9 Ebony	20 Music World	31 Westside Trent
10 Esprit	21 Nike	32 Whirlpool
11 Furniture Bazaar	22 Philips	

MEGA MALLS & OTHER KEY SITES

- Mysore Mall
- HSBC Bank
- Royal Orchid Metropole Hotel
- Hotel Sandesh The Prince
- Hotel Lalitha Mahal Palace

Mysore (Continued)



Mysore has a well above average number of leading indicator retailers for a city of its size, while being slightly above average for all 48 cities (ranked 29th). The city's ranking vis-à-vis percentage of international retailers is surprisingly low (6th out of 48), especially given that its ranking for high-end retailers is very high (40th). This suggests an attractive opportunity for more international retailers to locate in Mysore.

Concerning the percentage distribution of leading indicator retailers by product category, Mysore is consistently highly ranked. The city lags only in the categories of Fast Food Restaurants (21st out of 48) and especially Consumer Durables (7th out of 48).

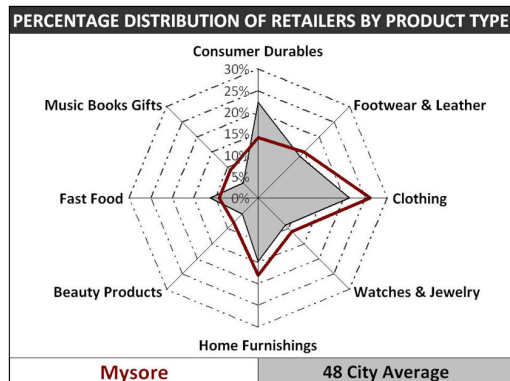
Taken together, the leading indicator retailers have not saturated the market. Indeed, with a Market Saturation Index ranking of 34th, Mysore appears decidedly underserved at present.

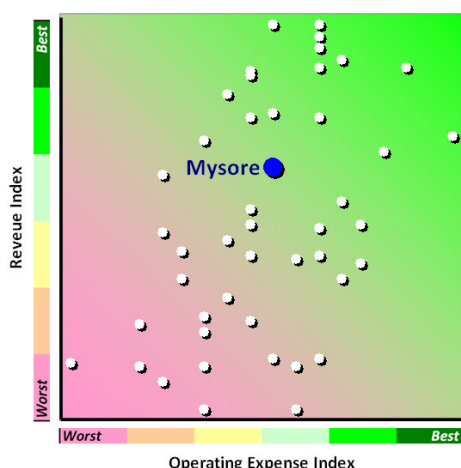
Leading Indicator Retailers								
Category	Variable	Value <i>and/or</i> Ranking	Ranking of MYSORE Among the 48 Cities					
			<i>Worst</i> 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	<i>Best</i> 41 to 48
Overview	Total Retail Presence (<i>Number & Size of Stores</i>)	29				↑		
	Percent International Retailers	44% → 6	↑					
	Percent High-End Retailers (<i>"SEC A" Focus</i>)	33% → 40						↑
Percentage Distribution of Retailers By Product Type	Fast Food Restaurants	9% → 21			↑			
	Clothing	26% → 38					↑	
	Consumer Durables	14% → 7	↑					
	Watches & Jewelry	11% → 33				↑		
	Home Furnishings	18% → 33				↑		
	Beauty Products	8% → 39					↑	
	Footwear & Leather	15% → 29				↑		
	Music, Books, Gifts	9% → 38					↑	
MARKET SATURATION INDEX <i>(For All Leading Indicator Retailers Combined)</i>		Ranking	Ranking of MYSORE Among the 48 Cities					
			<i>Worst</i> 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	<i>Best</i> 41 to 48
		34						↑

The radar graph for Mysore underscores the very low percentage of retailers in Consumer Durables. The 48 city average for Consumer Durables is 22%, compared to Mysore's 14%. Mysore does have such leading indicator retailers as Whirlpool, Philips, and Sony, but not as many as might be expected — signaling a marketing opportunity.

Fast Food Restaurants might constitute another opportunity, though not as large. Mysore's percentage of such retailers is 9% compared to a 48 city average of 11%.

[Note that the combined percentages can exceed 100% because some leading indicator retailers offer goods in more than one category.]



**Mysore (Continued)****Gross Profit Potential**

The demographics of Mysore are fairly average among the 48 cities in terms of total population, growth rate, and high income households. The city leaps ahead of the pack, though, in the branding themes of Tourism (2.5 million visitors annually) and Intellectual Property (due not only to the inflow of IT companies but also the presence of numerous engineering schools). The Buzz Index is also impressive, e.g., Jones Lang LaSalle Meghraj has announced plans to open an office in Mysore. Consequently, Mysore's overall revenue potential ranking is better than average (31st out of 48).

On the operating expense side, Mysore is slightly better than average in all categories except airport access. Mysore has an airport that has recently been remodeled, but is hampered by not yet having regularly scheduled commercial flights. This pulls down Mysore's overall operating expense ranking to 25th out of 48 cities.

Combining the revenue index and operating index produces an overall profit potential ranking of 29 out of 48, that is, a little above average. Mysore's position among the 48 cities on the scattergram on the left appears somewhat better. [Note that the scattergram arrays interval-scale, normalized values of the two indices, rather than the less precise ordinal-scale rankings shown below.]

REVENUE INDEX								
Category	Variable	Value and/or Ranking	Ranking of MYSORE Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Demographics	Population 2009	1,230,039 → 22			↑			
	Population Increment 2001 to 2009	474,660→ 31				↑		
	% Population Growth 2001 to 2009	38.6% → 39					↑	
	High Income Households Index	31				↑		
Branding	Economic Power Index	17 to 24 Group			↑			
	Tourism Index	41 to 48 Group						↑
	Intellectual Property Index	41 to 48 Group						↑
	"Buzz" Index	33 to 40 Group					↑	
Overall Revenue Index (48 Is Best Ranking)		31					↑	

OPERATING EXPENSE INDEX								
Category	Variable	Value and/or Ranking	Ranking of MYSORE Among the 48 Cities					
			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
Real Estate	Rental and Purchase Prices	25 to 32 Group				↑		
	Number of Malls	25 to 32 Group				↑		
Supply Chain Accessibility	Airport (Type or Driving Time To Nearest)	2.75 Hours Drive			↑			
	Seaport (Major Seaport or Distance To Nearest)	Within 200 Miles				↑		
	Regional Retail-Specific Warehouse	Within 100 Miles						
	AIRPORT + SEAPORT + WAREHOUSE	22			↑			
Overall Operating Expense Index (48 Is Best Ranking)		25				↑		

REVENUES - OPERATING EXPENSE = GROSS PROFIT INDEX (Before Considering Competitors)			Ranking of MYSORE Among the 48 Cities					
Ranking			Worst 1 to 8	9 to 16	17 to 24	25 to 32	33 to 40	Best 41 to 48
29						↑		



APPENDIX

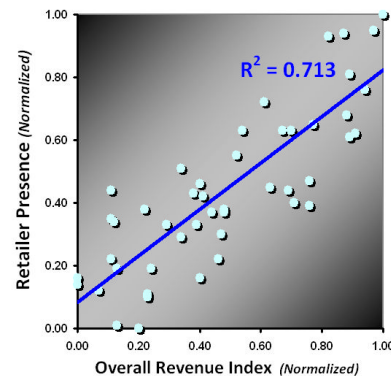
Using the Retail Site Selection Geo-Reports

The purpose of these weekly newsletters is to assist international and domestic retailers in their site selection decisions among 48 leading Tier II cities in India. Each Geo-Report contains at least one comparative analysis of all 48 cities simultaneously (like those on Pages 1 and 2 of this issue) followed by detailed examinations of four cities. All 48 cities are reviewed each quarter (i.e., each city is reviewed a total of four times annually), both to ensure the timeliness of the information and to enable time series comparisons.

Analytic Methods

The Geo-Reports utilize three methodologies to provide comprehensive, balanced perspectives. The first is simply finding the best available factual information and compiling that data into easily understood formats; an example is the estimated population of each city in 2009 (since the last census was in 2001).

The second methodology consists of a spectrum of mathematical models — including statistical methods such as linear regression — to identify patterns in the factual data bases that correlate with retailer profitability. The methodology also encompasses quality control routines to ensure that these Geo-Reports provide accurate information to subscribers. For example, when the models were being developed for the Overall Revenue Index for each city (in this issue, on Pages 5, 8, 11 and 14), a regression analysis was run between those indices and the actual number of “leading indicator retailers” in each city. As shown in the scattergram of the 48 cities on the right, the Overall Revenue Index exhibits a reassuringly high correlation coefficient with the actual Retailer Presence.



The final methodology emphasizes professional judgment. While both of the above two methodologies also require professional judgment in the selection of data sources, variables, modeling techniques, and so on, the third methodology places even greater reliance on experience-based, subjective insights. A prime example is the judgmental choice of “leading indicator retailers”. (When certain retailers in a given category of goods and services are known to be highly competent in their selection of store locations, other retailers can profitably adopt a “follow the leader” strategy and simply locate nearby. A very well selected group of leading indicator retailers therefore can serve as excellent predictors of which cities — and specific submarkets within those cities — offer the highest potential for all retailers.) The table on the right lists the leading indicator retailers chosen by Castle Consulting India for the Geo-Reports. Note that the retailers are grouped by standard India product categories, and include not only Indian retailers but also international retailers that early on recognized the Subcontinent’s retail potential.

Data Sources

All the data used in the Retail Site Selection Geo-Reports is from easily verifiable, publically accessible sources. For example, the store locations of each leading indicator retailer were obtained directly from each retailer’s public Web site. Every effort has been made to choose the best available source among the alternatives, or to develop a reliable “consensus forecast” when no single source appeared to be best.

THE GEO-REPORT'S "LEADING INDICATOR RETAILERS"		
PRODUCTS	RETAILERS	DOMICILE
Food & Beverage	MacDonald's	International
	Domino's Pizza	International
	Baskin Robbins	International
	Spencer's Hypermarkets	Domestic
Lifestyles	Westside Trent	Domestic
	Ebony	Domestic
Clothing	Levi's	International
	Lee	International
	Celio	International
	Calvin Klein	International
	Van Huesen	International
	Esprit	International
	Lee Cooper	International
	Lilliput	Domestic
Consumer Durables	Globus	Domestic
	Audi, BMW, Mercedes, Volvo	International
	Whirlpool	International
	Philips	International
	Bose	International
	Casio	International
Jewelry & Watches	Sony	International
	Rado	International
	Tanishq	Domestic
Home Furnishings	Furniture Bazaar	Domestic
	Style Spa	Domestic
Beauty Care	L'Oreal	International
	Star & Sitara Salon	Domestic
Footwear & Leather	Nike	International
	Reebok	International
	Liberty	Domestic
Books, Music & Gifts	Music World	Domestic
	Crossword Books	Domestic

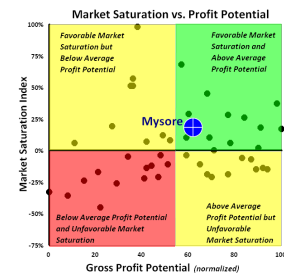


APPENDIX (Continued)

Definitions of Variables

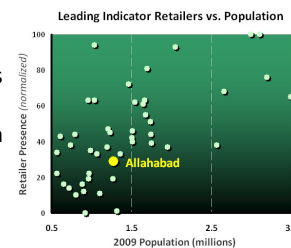
The following definitions are organized by the pages in which the variables previously appear in this Geo-Report.

City Overviews (Pages 3, 6, 9 and 12) — The scattergrams in the upper right of each of these four pages array the Market Saturation Index against the Gross Profit Potential. These are arguably the most important charts for the cities, because they condense all the other available information into a single score. In the charts, each Market Saturation Index comes directly from the horizontal blue band of the same name found on the subsequent pages on each city's retailers (Pages 4, 7, 10 and 13 respectively). Gross Profit Potential is taken from the blue band of the same name at the bottom of each city's pages on revenues and operating expenses (Pages 5, 8, 11 and 14). Note that while the latter pages show Market Saturation and Gross Profit Potential as an ordinal ranking, the scattergrams on Pages 3, 6, 9 and 12 use more precise normalized values of the two indices.

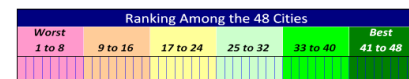


The maps on Pages 3, 6, 9 and 12 show the locations of retailers, shopping centers, etc. The retailers are identical to the leading indicator retailers listed on Page 15. The hotels shown are those that relatively wealthy tourists and businesspersons would likely patronize, especially travelers from other countries. Concerning banks, only branches of very large international banks appear, since domestic banks are ubiquitous and thus do not help differentiate the cities.

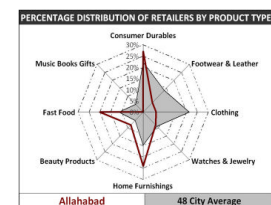
City Retailers (Pages 4, 7, 10 and 13) — The chart on the upper left of each of these pages is a scattergram of each of the 48 cities' estimated population in 2009 against Retailer Presence. Leading indicator retailers were previously introduced on Page 15. Retail Presence is a normalized index that takes into account the number, size, and type (flag ship, regular outlet, franchise, etc.) of all the stores that all the retailers have in each city.



In addition to an index encompassing all the leading indicator retailers (i.e., Total Retail Presence), similar indices were developed for the subset of international retailers, retailers that focus on high income households, and retailers that specialize in each of eight standard product categories (Clothing, Consumer Durables, Home Furnishings, and so on). These sub-indices were then expressed as a percentage of the Total Retail Presence, to identify which products are perceived by all the retailers as being of greater or lesser popularity in each of the 48 cities. These percentages are the basis of the city rankings in the charts on Pages 4, 7, 10 and 13. Thus, for example, Allahabad's ranking for international retailers (17th out of 48) indicates that Allahabad is viewed as a significantly less attractive market by international retailers than is Bhubaneswar (28th out of 48). Note that in all the charts containing rankings, a higher number is better than a lower number.



The radar graphs on Pages 4, 7, 10 and 13 provide additional insights on the retailers' perception of market opportunities for each of the eight product categories in each city. The radar graph compares a given city's eight product sub-indices to the 48 city average for those sub-indices. For example, Allahabad's percentage for Clothing is 24% compared to a 48 city average of 21%; for Watches & Jewelry, Allahabad is at 5% compared to 9% for all cities.

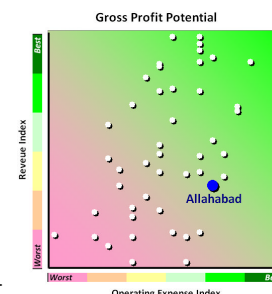


The Market Saturation Index is a statistically derived measure of the balance between actual Retailer Presence and the estimated demand for such retailers (from the factors on Pages 5, 8, 11 and 14). The more that a city's Retailer Presence exceeds the estimated demand for such retailers, the lower the Market Saturation Index ranking; conversely, cities in which estimated demand exceeds the supply of retailers are considered underserved and accordingly receive a higher Market Saturation ranking. As always, the higher the ranking, the better the retail opportunity.



**APPENDIX (Continued)**

City Revenues and Operating Expenses (Pages 5, 8, 11 and 14) — The scattergram in the upper left corner of these pages arrays the given city's retail Overall Revenue Index against its Overall Operating Expense Index. Both come from their respective charts further down on the same pages. (The lower charts show rankings, but the scattergrams exhibit more precise normalized values for the two indices.) In the scattergrams, the higher and to the right (in the green area) a given city's data point is located, the greater the potential profit; conversely, cities with data points in the lower left (red) portion of the scattergram will be less profitable.



The chart of "Revenue Index" rankings provides exact figures for the city's estimated population in 2009, and provides estimates of both percentage growth and absolute growth of the population between 2001 (the last official census) and 2009. All the other rankings in the chart are a combination of mathematically and judgmentally derived indices. The principal contributors to the High Income Households Index are the number of households that are classified as "A" or "B" according to India's widely used Socio-Economic Classification (SEC) system. Various occupational and educational characteristics of each household's chief earner underlie the SEC system; approximately 10% of India's urban households qualify as A's and another 20% as B's. Additional contributors to the index include the number of households with annual incomes exceeding one million Rupees (approximately USD \$20,000) and credible reports in the public domain media.

Similarly the four "branding" themes that correlate to attractive retail opportunities are a combination of mathematic models and professional judgment.

- The Economic Power Index takes into consideration such factors as transportation infrastructure (higher rankings for a seaport, international airport, etc.); governmental importance (capital of an administrative district or, better yet, a state); presence of prominent international banks, hotels, and similar indicators of global standing; classifications of the city under two important national government systems (CCA and HRA); and so on.
- The Tourism Index considers such factors as the number of four and five star hotels; accessibility (notably by airplane); public domain media listings of the most popular tourist destinations; "column inches" of attention in leading guidebooks of India; the national and even international prominence of each city's principal tourist attraction, etc.
- The Intellectual Property Index is mainly a function of the magnitude of a city's Information Technology (IT), Business Process Outsourcing (BPO), and similar pace-setting sectors, together with the number and type of higher educational institutions. An example of the latter is whether the city hosts one or more of India's highly-touted "Central" and/or "Deemed" universities.
- The "Buzz" Index measures how often and by whom the city is mentioned in public domain media vis-à-vis its current successes and growth prospects. For example, in the last couple of years Surat has been cited in innumerable online newspaper articles as having India's fastest growing Gross Domestic Product (GDP) and one of the greatest concentrations of high income households.

Turning to the components of the Operating Expense Index, most are factual rather than mathematically derived or judgmental. Factually speaking, each city's distance to a major seaport, airport, and retail-centric wholesale warehouse is easily measured. The cost of renting or purchasing a store and the number of noteworthy malls in each city is more problematic, because of the sheer number of data points and the not-always-discernible quality of the data sources; accordingly, a "consensus forecast" approach is more appropriate. Normalized mathematical values of each of these components combine into the Overall Operating Expense Index, which then appears as the ranking shown in the chart.

The literal bottom line of Pages 5, 8, 11 and 14 consists of subtracting the normalized values of the Overall Operating Expense Index from the Overall Revenue

REVENUES - OPERATING EXPENSE = GROSS PROFIT INDEX (Before Considering Competitors)	Ranking	Ranking of FARIDABAD Among the 48 Cities				
		Worst 1 to 8	9 to 16	17 to 24	25 to 32	Best 33 to 48
	20					