

INDO-AUSTRALIAN

B U S I N E S S

The Business Magazine for Indo Australian Region

May-June 2005 Vol.2 Issue 3

Rs. 100/- A\$ 15

INDIA

An Emerging Global Hub



Issue n This

Diplomacy

Identifies Infrastructure as Key Area... **Invest More,** Kamal Nath Urges Australia



06

Diplomacy

Australian Government Delegation Favours Strong Ties
Understanding India
Prof. Andrew Macintyre



07

Face to Face

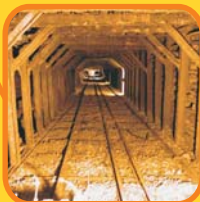
Opening-up of Retail Trade to 100 pc FDI Shoppers' Stop Gears up for the **Big Boom**



12

Event

"Mines to Market 2005"
India' Global Initiative Adding Lustre to Diamonds



16

High Spirits

Much to the Delight of Indian Wine Connoisseurs... **Australian "Howling Wolves" are Here to Stay**



28

Antiquary

Memorabilia Online Targets Sachin, Lara Preserving the **Great Moments of Cricket Glory**



39

Distributed by:

New Media Communication Pvt. Ltd.
in partnership with **AUSTRADE & WATO**

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The news items and information published herein have been collected from various sources, which are considered to be reliable. Readers are however requested to verify the facts before making business decisions using the same.

Printed & Published by

Veerendra Bhargava and printed at M/s Young Printers, A-2/237, Shah & Nahar Industrial Estate, Lower Parel, Mumbai - 400 013. Tel: 9820289696 and published from B-302, Twin Arcade, Military Road, Marol, Andheri (E), Mumbai - 400 059.

Editor: Satya Swaroop

**Dear Readers,**

Greetings. India's fast-growing needs in a variety of industrial and cultural fields and Australia's ability to fully meet them have given an opportunity to both the countries to broaden the sphere of their economic relations. The current issue of Indo-Australian Business highlights this increasing diversity in bilateral cooperation, be it in the area of infrastructure, banking, entertainment or tourism. India's Minister for Commerce and Industry Kamal Nath has rightly pointed out that Australia should take advantage of India's urgency in developing infrastructure and step up investment in that field. We carry a report on Kamal Nath's recent visit to Australia. Entertainment, especially filmmaking is one area where there is an opportunity for dovetailing collaboration between Indian and Australian production companies. India is the world's largest producer of films, while Australia offers breath-taking locales for shooting as well as world-class production and processing facilities. Besides, a touring film festival, called "Bollywood Masala" has been a roaring success with Australian audience, reflecting the cultural affinity between the two countries. We present a couple of reports. India's reputation in Business Process Outsourcing (BPO), especially in the financial services sector, has gained universal recognition. Recognizing this, Australian banks, are scouting for Indian partners to outsource some segments of their operations in a bid to cut their costs. The issue carries a report. India, the world's largest importer of roughs as well as exporter of polished diamonds, hosted a two-day global conference, "Mines to Market 2005," in Mumbai in May, where Kamal Nath announced that this country was in the process of developing an international trading hub for the diamond industry. The event is of great significance to Australia, a major supplier of roughs to the world market, and which is also keen on diamond exploration in India. The issue covers the event in detail. Another area where Indo-Australian collaboration is occurring is retail trade. We present an exclusive interview with Ajit Joshi, Vice President of India's leading retailer-chain, Shoppers' Stop. Then, we have a special study made by Ernst & Young, which predicts a boom for mergers and acquisitions, especially in the IT sector in 2005. There is an interesting report on cricket memorabilia. Wine is one sphere, where Indo-Australian collaboration is increasing steadily. We have separate reports on the launch of Australia's premium brand "Howling Wolves" and the wide-ranging medicinal values of wine. In tourism, we highlight Australia's Queensland state, which is drawing increasing numbers of Indian tourists. Plus there is an interview with the head of a visiting Australian government delegation, Prof Andrew Macintyre on the objective of his mission, which is understanding India.

Wish you happy reading

Satya Swaroop

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Identifies infrastructure as key area...

INVEST MORE,

Kamal Nath urges Australia

Union Minister of Commerce and Industry Kamal Nath has invited Australia to invest more in India and stressed that Australia, with its continental size and experience, is uniquely equipped to partner India in the area of infrastructure development, especially in roads and energy.

This was the gist of Kamal Nath's speeches at meetings with government and industry leaders in Australia on May 19, 2005. The meetings he had were with India-Australia Joint Ministerial Commission (JMC), the India Australia Joint Business Council (JBC) and the Lowy Institute for International Policy, a prestigious think-tank in Australia.

Kamal Nath also stressed the need to diversify the range of trade between the two countries from the present level of about \$5.5 billion to \$ 8 billion within the next two years.

Urging strongly for removal of non-tariff barriers (NTBs), Kamal Nath said the target of US \$ 8 billion could be met only if the issue of NTBs was tackled head on.

"If market access is to become a reality, then non-tariff barriers in the shape of sanitary and phyto-sanitary measures and technical barriers to trade will have to be dealt with. We have to create a truly facilitative climate if we are going to experience a quantum leap in trade", he said.

Kamal Nath said a major outcome of the JMC discussion was the proposed Trade and Economic Framework Agreement between India and Australia, which would provide a new and forward-looking mechanism to guide the bilateral trade and economic interface.

Referring to foreign direct investment (FDI), he said, "India has one of the most liberal FDI policies in the developing world. Practically all sectors, barring a few sensitive ones (such as atomic energy and gambling) are prohibited for FDI. Where equity caps exist, these are being reviewed and our attempt is to do away with them completely, except in a few sensitive areas where we will have to adopt a policy of gradualism."

"Most recently, we have opened up the construction and development sector; and even the retail sector is under

examination for constructing an India-specific model, a model that creates new job opportunities rather than one that displaces our mom-and-pop stores. In FDI we are looking for greenfield investment investment that creates employment, investment that brings in technology, and not just investment that replaces Indian capital."

Kamal Nath said Australian investment in India during the last 15 years has been an abysmal 200 million Australian dollars, which was a negligible fraction of the total Australian foreign investment, and an equally negligible fraction of the FDI flows in India.

"It is amazing but true that Indian investment in Australia is greater than this! While the Indian government is extremely happy that Indian companies are investing abroad, and will do everything to support companies which wish to invest in Australia, I think it is only natural that Australian investment in India is in great need of being pumped up", he said.

Kamal Nath also pointed out that the A.T. Kearney study in 2004 put India as the 3rd most attractive FDI destination worldwide, up from the 6th spot in 2003 and 15th spot in 2002.

Correcting the misconception that India lagged in manufacturing, he told the Lowy Institute: "This implication is conveyed as a backhanded compliment which goes something like this: India is the Back Office of the world, while China is the world's Factory'. While complimenting us on our expertise in Services, the implication is that we are poor in manufacturing."

"This is far from the truth. Of course, we are good in Services & Business Process Outsourcing, but that does not mean that we lag behind in manufacturing skills. In sectors like auto-components, chemicals, apparels, pharmaceuticals and jewellery, we can match the best in the world. We have the skills; we have the positive environment and attitude. All we want is investment & better technology. Today few other countries have embraced foreign technology and management best-practices with as much enthusiasm as has India". ■



Prof. Andrew Macintyre

Australian Government Delegation Favours Strong Ties Understanding India

A delegation from the Leading Australia's Future in Asia (LAFIA) visited India in April, 2005. It comprised senior civil servants in Australia's national and the state governments. The purpose was to meet their key counterparts in governments, business and social organizations across Asia. Prof. Andrew Macintyre headed this delegation to India and Malaysia.

Prof Macintyre, a distinguished scholar and specialist in international affairs, is the senior academic facilitator for LAFIA. He is the Director of Asia Pacific School of Economics and Government (APSEG). He is renowned for

his work in political economy in Australia and overseas. His other interests are developments in Asia, emerging frameworks for regional cooperation, and Australia's evolving international policies. Professor Macintyre is a regular participant in a range of senior policy forums within Australia and in the US-Australia Leadership Dialogue. He is an active player in Asian policy circles, and a host of other policy discussions in the Pacific. At a reception by the Australian Consulate General and Austrade in Mumbai, Rojita Padhy caught up with Prof Macintyre to find about what the LAFIA delegation aimed to accomplish during the visit. Excerpts.

Importance of India

This year we have focused on India because of its enormous importance and due to its prominence in Australian thinking. Therefore, there is a lot of interest on the part of the civil servants to come to India to deepen their engagement and understanding about this country. We are visiting Mumbai, Bangalore and New Delhi. Two weeks will be in India, out of this three weeks' trip. We are meeting many senior government and business representatives in Mumbai. Being the financial capital of India, it has the headquarters of many major Indian companies. In Bangalore, we are keen to learn about some of the new IT industries and in New Delhi, we are keen to connect with the heart of the government of India.

LAFIA:

This programme has been going for about ten years. My school, Asia Pacific School of Economics and Government and the Australian National University organize this programme on behalf of the public service commission of Australia, in conjunction with the Foreign

Ministry. Every year we go to different key countries in Asia. This year we are deepening our engagement with India. We absolutely intend to come back again to India. Last year we were in China and Japan. This year we are in India and on our way, back will be visiting Malaysia.

Maybe we will go next year to Indonesia and other south east Asian country maybe Thailand. But India is so prominent in both world affairs and Australia's increasing thinking about the region. It is interesting to look at certain issues where Australia and India have shared interests. One such issue is India's relation with China and balancing that with the US. Just like India, Australia is also trying to get a productive and creative balance there. Another area where we have shared our policy interests is thinking about our engagement diplomatically with the East Asian region. India and Australia both are giving a serious thought to this. There are other many bilateral interests growing. Even at the main economic relationship growing between the countries in the resources and education sectors. One of the things we are looking at is widening Australia's understanding across the

government about the potential of the bilateral engagement.

About the delegation and the departments they represent

Senior officers from the government sector, senior civil servants from national and state government, very wide range of ministries. So, we have people coming from the finance ministry, tourism and resources through environmental agencies, social planning agencies and security agencies like Australian federal police and the attorney generals office. This wide range has a deep interest in seeing India.

Potential industries

The big ones are the resources, minerals. India is a rapidly developing economy with a need for mineral input to fuel its industrial development and Australia is rich in

minerals. It is a very stable country. Therefore, it can meet some of India's requirement in this sector. Indian companies signing long-term contracts with Australian energy suppliers, they can be sure of security and stability. The other big area is education. We see a lot of Indian students coming to Australia particularly at the post graduation level. We have more Indian students studying in Australia than students from any other country including China. In addition, specialized manufacturing and food processing areas are having potential. While talking to representatives in India, we also met people from property management services, financial institutions, construction companies, manufacturing companies. As Indian economy continues to grow and Australia is noticing this, there is a room for real productive engagement between both the economies could be considered. ■

Australian Banking: Open & Efficient

Australia's banking sector is deregulated, open, sound and efficient. The *World Economic Forum 2003 Global Competitiveness Report* ranked Australia's banking sector third in the world for banking services and second in the world for banking regulation.

Banks operating in Australia offer a wide range of services including traditional banking services, funds management, insurance, personal financial services and financial advice. These services can be accessed through multiple distribution channels, including electronic channels. As at August 2004, there were 52 authorised banks in Australia, of which 38 were foreign-owned and 14 were domestic. In July 2004 assets on the Australian books of individual banks was A\$1,259.1 billion, up from A\$1,083.1 billion in July 2003.

Foreign banks seeking a banking license to establish operations in Australia need to apply to the Australian Prudential Regulation Authority (APRA). APRA is responsible for the prudential regulation of banks, life insurers, general insurers, superannuation funds, building societies, credit unions and friendly societies.

Largest Domestic and Foreign Banks in Australia by Assets

Australian Owned	A\$b	Foreign-Owned Banks	A\$b
National Australia Bank Limited	222.7	BankWest	29.9
Commonwealth Bank of Australia	222.4	ING Bank (Australia) Limited	20.5
Westpac Banking Corporation	193.1	Deutsche Bank AG	13.8
ANZ Banking Group Limited	165.5	Citibank Pty Limited	12.9
St George Bank Limited	71.7	HSBC Bank Australia Limited	12.9
Suncorp-Metway Limited	34.9	Societe Generale	12.0
Macquarie Bank Limited	24.7	ABN-AMRO Bank N.V	10.5
Bendigo Bank Limited	11.7	BNP Paribas	8.6
Adelaide Bank Limited	11.1	Citibank N.A	7.0
Bank of Queensland Limited	9.8	Rabobank Australia Limited	6.7

Australian Banking Statistics August 2004

Source: Australian Prudential Regulation Authority, Monthly Banking Statistics August 2004

Mergers & Acquisitions in 2005; focus on IT & T

Ernst & Young Predicts Boom

The year 2005 promises to be a year of strong growth in M&A activity with an exceptional pipeline of transactions providing the platform for a surge in transaction activity according to Ernst & Young's annual *Mergers & Acquisitions Index* released recently.

According to the report, 2004 proved to be a solid year for M&A activity among listed industrial companies, building on the turnaround in activity in the previous year. While the total number of acquisitions increased marginally, the total value of these transactions increased to \$21.7 billion.

The M&A Index continued its upward trend from the recent low in 2002, while still remaining below its historical peak in 2000. Ernst & Young predicts a strong increase in the M&A Index in 2005 on the back of a surge in transaction activity, with the potential to exceed the previous high water mark of 2000.

A number of sectors reported significant increases in activity, including the industrials, healthcare, financial and IT & telecommunications sectors.

Of particular note was the renewed confidence in the IT&T sector, with increased transaction activity amongst leading players contributing to a tripling in activity over the previous year, albeit off a small base. "This sector appears to have come out of the doldrums and we expect a further increase in activity in 2005," said James Joughin, Director, Ernst & Young Mergers & Acquisitions.

According to the study, the general increase in both the number and value of transactions in 2004, combined with the strong M&A pipeline in the second half of the calendar year is indicative of the strength in the market. The 2005 Index period has already seen more than \$12 billion in announced public company transactions.

The Year Ahead

"All signs are that M&A activity is expected to remain buoyant in 2005, with a continued favourable economic environment, strong equity markets and strength in the world economy," said Joughin. "We expect to see a surge in mergers and acquisitions, with increased activity across most sectors."

The M&A Index predicts that growth in 2005 will be underpinned by increased activity in a number of key

sectors including healthcare, financial services, media, food & beverage, IT & telecommunications and retail.

"The strengthening US and European economies should see an increase in cross border activity in Australia, adding to the surge in M&A activity," said Joughin. On a negative note, the purchasing power of US acquirers is likely to be impacted by the weaker US dollar.

"Offsetting this we expect to see increased activity from the US market as companies have become more at ease with the final round of corporate governance reforms and are now focusing on deal strategy and execution. Recent statistics indicate a strong rebound in the number of announced deals in the US," Joughin said.

Ernst & Young predicts that industry consolidation will also continue to be a driver of M&A activity. There is also expected to be a trend towards larger mergers as domestic factors and strong investor support for corporate deals have given company boards the confidence to pursue company, defining acquisitions. This has seen the re-emergence of the hostile takeover bid with companies driven to make acquisitions to sustain growth.

According to Joughin, "increased competition for deals is being driven by favourable economic indicators and the strong appetite of the initial public offering, private equity and trade buyer markets for quality assets. This is expected to flow through to a firming of transaction multiples in 2005 for quality businesses."

According to the report, the private equity market will continue to drive M&A activity with an estimated \$5 billion to be invested by private equity funds in the short term. "Private equity firms are taking an increasingly active role in the Australian M&A market, participating in a growing proportion of transactions", Joughin said.

"Our experience has shown that private equity involvement in some offshore markets is in the vicinity of 15 per cent to 20 per cent of the total value of M&A activity, suggesting the private equity market in Australia is positioned for further growth."

The emergence of Asia in the M&A market is seen as an important dynamic in the coming year, with China's production boom expected to continue to drive record demand in the resources and commodities sector. ■

Offshore outsourcing to cut costs

Australian banks opt for India

Offshore outsourcing is fast emerging as a new battleground in the financial services industry as Australia's largest banks review a range of IT cost-cutting measures. Both the National Australia Bank Ltd (NAB) and the Commonwealth Bank of Australia (CBA) have undertaken "research tours" in India in the past month fuelling speculation they are considering moves to initially outsource back-end processing leaving the door open to customer-contact operations further down the track.

NAB spokesperson Samantha Evans has confirmed that CIO Ian MacDonald undertook a research tour of India recently and would not rule out plans to offshore.

"We don't offshore any processes at the moment, but it is something we do look at from time to time," Evans said. "That is not to say the option [to offshore] is not on the table, but if it was done it would be done very carefully, probably on a project-by-project basis."

NAB, of all the banks, is under the most pressure to implement cost-cutting. Recently it has slashed 1,700 jobs in the U.K. as part of a restructure of its two British banks, Clydesdale and Yorkshire, in a bid to save A\$285 million (US\$220 million) a year.

NAB chief executive John Stewart was unwilling to say how many jobs will go locally but the Finance Sector Union (FSU) said as many as 600 jobs will go.

FSU communications manager Rod Masson said the cuts would occur in "areas like check processing which is in line for outsourcing."

Also undertaking a tour of India was Commonwealth Bank CEO David Murray who was researching how "to use IT know-how in the Australian operations".

The Commonwealth Bank has lodged an application with the Reserve Bank of India to set up a branch in this country. CBA spokesman Brian Fitzgerald would say only that there are no firm offshoring plans "at this stage or in the future".

One provider that has made a number of strategic acquisitions and

invested heavily in India in the past 12 months is IBM with insiders claiming the vendor has approached a number of financial services firms with offers to provide outsourcing services.

India-based Patni Computer Systems, which has 30 percent of the global insurance market, believes Australia is ripe to explore offshoring options and that banks will inevitably move in this direction over the next couple of years.

Patni general manager Rick Eager said there will be a fair bit of exploration initially and, because of fears of a community backlash, any offshoring will be tackled project by project.

"It will be softly, softly at first with back-end processes, but eventually customer-contact processes will also be a part of the equation," Eager said. "The momentum has begun but it is a highly competitive market especially here in Australia where there are a lot of Indian firms."

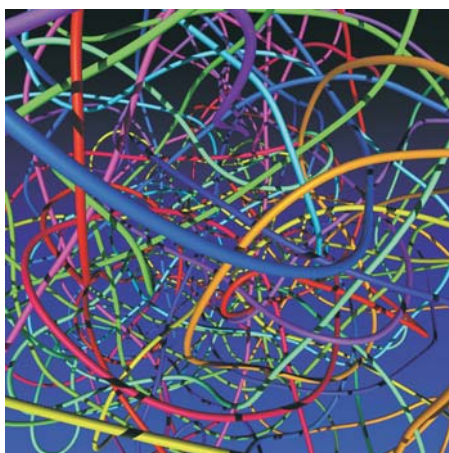
A spokesperson for the ANZ Bank, which currently has 560 staff undertaking IT development in its Bangalore office, said no customer-facing roles will go offshore. But added that, "given the advantages Bangalore has, it would be commercially naive for ANZ not to continue to look at opportunities to optimize its use."

As well as having better access to vendor laboratories such as Microsoft and Oracle, which are not available in Australia, there is also access to a highly skilled work force.

"For example, 100 percent of our Bangalore staff are graduates compared to around 30 percent in our technology operations in Australia," she said.

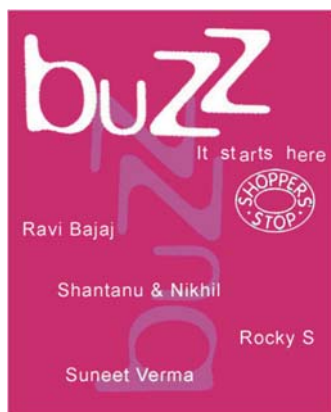
At St George, a spokesperson said there were no immediate plans in place but pointed out that the bank was always looking at ways to "ensure operations are running efficiently".

The only bank to rule out offshoring was Westpac with spokesperson Julia Quinn, saying that "Westpac wouldn't even consider offshoring."



Opening-up of retail trade to 100 pc FDI

Shoppers' Stop Gears Up For The **BIG BOOM**



India is passing through a crucial phase of the retail revolution. The rising standard of living and the changing lifestyles of its middle class have triggered a 100 per cent foreign direct investment in this sector. The introduction of VAT will simplify the complexities in the tax structure and help narrow the cost disadvantage between organized and unorganized retailers. One of the initiators of the retail business in India, Shoppers' Stop, has grown over the period and is the recipient of the ICICI Bank Retailer of the Year Award in 2005. Shoppers' Stop Vice President Ajit Joshi talks to Rojita Padhy in an interview about the company's journey so far, the retail boom in India and the group's preparation for the Australian festival in October this year.

The Beginning

The first store of Shoppers' Stop was started in Mumbai at the Andheri (West) suburb with just 2500 sq. ft area on 27th October 1991. This flagship store has since expanded to occupy 55,000 sq ft of floor space. The second step was our expansion to Bangalore in 1995, followed by Hyderabad, Chennai, Delhi, and Jaipur. In the past two years, we have been just rolling out new stores.

In this week, we will be rolling out three new stores, to take their total number to 20. Last week, we opened a store in Juhu, Mumbai; one in Shipra in Gaziabad and another in Bangalore, which is our third unit there. One more will come up in Jaipur. Malad Inorbit mall is one of the largest malls in India.

Shoppers' Stop was the first one to get into organized retailing as such. As much as 82 per cent of Shoppers' Stop merchandise is branded. These are international brands and only 18 per cent comprises what we call a private level collection and we are private level collection is also extremely conscious about its quality. We have a tie up with Austin Reed in the UK. It is our private level but they have their shop in London. They work on the design and fabric and we are doing just the merchandising part. They check the quality. Shoppers' Stop was the first retail chain, which made a bold statement saying, "We are

responsible for what we sell". This had never happened in the Indian retail garment segment. We wash the garment first. We get it lab tested and then it goes for production. Therefore, the key is the quality that we provide to our customers.

The other aspect of it was, the customer was never pushed to buy anything at our store. This was a welcome change. At the same time, the customer care associates are trained by the brands. So, if you want to buy a pair of denims, you can comfortably go and ask him about the fabric, the design, whether it would fit you, what would you recommend? Therefore, when you prompt them to guide you, they will be readily available. That made a difference to the customer.

The other difference is, Shoppers' Stop has 82 per cent mix of branded items. So, if you want to buy a shirt for your dad, fiancée or boyfriend, you will not have to move from shop to shop and you will find in it all the latest collections of international brands. You will find in Shoppers' Stop the varieties of Zodiac, Allen Solly, and Van Heusen and you can just select any one of them. Strategy wise also if you see, Shoppers' Stop in Juhu is our seventh mall in Mumbai. We are coming to people and meet the customers in their area. It is going to be the case with other cities very soon.

What kind of a tie up is it going to be between

Shoppers' Stop and Australian retailers?

Being an Australian of Indian origin, it was always there in my mind to present Australia in India properly. Because Indians always thought about Australia as a place where people just play cricket, they have many Kangaroos, and they have the Sydney opera house and Harbour Bridge. But Australia is also a great destination

for education. It is a place, which produces world's best quality diamonds at the Argyle mines and gold too is available in that country.

Australia has developed expertise in managing large events. For example, Shabbir Wahid had brought a delegation from Victoria to pitch in for the Commonwealth Games in Delhi, India. And in India, we lack that. So, I see a great opportunity for the Australian companies to do business with India. Starting from construction works to transportation, I feel sky is the limit and the Indian economy is doing exceptionally well. So, it is going to be a healthy mix of presenting Australian companies in India and my Chief Operating Officer, Govind Shrikhande and I would be going for a road show in Australia, starting from 5th of June to 18th of June, we are visiting Sydney, Perth, Adelaide and Melbourne where we will be directly talking to the companies where we will be buying the merchandise. Our commitment during the festival would be to invest Rs 2 crore worth of merchandise. There would be personal accessories like ladies leather bags, which are very well made and presented by the Australian designers.

We are also looking at the possibility of buying those designs and caressing them here, the way the arrangement we have with Austin Reed. That will be our long-term strategy. Also, we are looking at importing some fruits, because Australia also produces some fantastic fruits. We won't be in a position to

display the fresh fruit here but we can display the museli bars or the health foods where the companies like Goodman Fielder or Gagun valley fruits associations can participate because they are among the best in the world. They are going to be a part of the festival in October.

Tell us about the October festival?

We are organizing this festival because first, I want to promote Australia as a tourist destination where each store of ours will have different flavour of Australia. You will enter Inorbit store through Sydney opera house at the gate. Inside the store in collaboration with Maggie White's office in Singapore, you will be getting information on different destinations including posters and video clippings, which will be playing inside the stores. We are getting Australian artists into India where they will demonstrate their arts.

We are also looking at doing events like rock climbing just outside the mall. So, this will give an idea to Indians that what Australians are all about and it's just not only cricket. However, cricket also will be there. We will have a cricketing corner in all the stores. We are talking to Fosters currently to sponsor this and we had a good meeting with Steve Waugh who has shown his interest to be a part of the event. We are looking at getting his memorabilia, which he has collected for 20 years. I have also written to Sir Donald Bradman's Museum in Bowral, if they could spare some rare collections like the bat, which he used when he played for the last time. We would like to take these things across the country so that Indian cricket lovers can have a look at them.

We are also looking to have a tie up with the Rahul Sporting House (RSH), to get Bretlee. With the help of Rio Tinto Diamonds, we might get Justin Langer. During the festival, it will be linked with the purchase and the lucky 15 winners will get a chance to have dinner with the Australian cricketer. On the other side, we are also inviting personalities such as Steve Waugh and we will be tying up with FICCI or CII where we would like to invite the top 50 to 100 CEOs of the country and Steve Waugh will talk to them about leadership and team building. It will be

a seminar and we have positive response from Steve on this. Macquarie Bank is also getting involved and we are planning to get a top economist from Australia to compliment the seminar headed by Steve.

The Idea is to present Australia, known for its tourist spots; healthy foods, cricket and we are also trying to get



the live telecast of the match from Bangalore. All this starts on 1st October and lasts till the end of the month.

We are also trying to also do a firework show at the Juhu beach. We have a Loyalty programme called first citizens and we will invite them to the poolside of J.W Marriott to a cheese and wine party. Australian wines could be served for the first citizens where the Australian wine companies can test-market their products and the company doing fire works in Sydney on every 31st December, i.e, Forty Fireworks will be performing it at the Juhu beach, which will be accessible to everybody in Mumbai. It is going to be a festival in totality.

So, how do you intend to manage this mega event in all you stores across the country simultaneously?

We will be having 20 stores by then and though Austrade and other government bodies have already done a number of events across the country with one partner, this time Shoppers' Stop will provide the Australian companies a common platform to display their products. We are very confident about our customers and we will be in position to share that database with our Australian partners. We will also tell them about the Indian customers' habits, likes and dislikes which is very difficult to get, as normally in other countries no partner will share its database. I do not see a problem in that. We have expertise in Shoppers' Stop to manage such events. We have done festivals with the involvement of British Council and British Airways and HSBC Bank. We have done recently a festival for the South African Tourism, which went on very well, which was restricted to Mumbai and Delhi. We also did a festival called Seven Wonders, which received the Best Promotion of the Year Award, that entitled two couples to visit the seven wonders and a few couples to single wonders.

What opportunities do you foresee for the Indian retail sector with the country opening up to 100 per cent FDI in the retail sector? Why

is there resistance from other major Indian retail players to the entry of foreign players?

I will call it as a transition phase in our lives in India. Similar thing happened when Maruti Suzuki came to India and we were still happy with the Premier Padmini and the good old Ambassador. But today it has revolutionized the Indian automotive industry. Similar thing is going to happen in the organized retail sector. India's economy is expected to grow at the rate of 5 to 6 per cent and the organized retail will grow by 50 to 60 per cent. When that happens, the unorganized sector is going to put up resistance. Introduction of the VAT (Value Added Tax) is a good thing but there is resistance on that front too. Over a period, people realize its benefit.

Same thing is going to happen in case of opening up of the retail sector. The foreign investor is looking for profit and control. They will bring efficiency and supply chain will improve. People like Wall-Mart, Carrefour and Tesco are looking at the market. They are not going to stop the small retail players' operations but will compliment their business. Today in this country, though we have food sufficiency we have a lack of food storage facilities, which destroys the food before it comes to the shelf. With foreign players coming in, food will have more opportunity to come back to the shelf quicker. It will generate employment, as the international players will establish large formatted stores. They obviously cannot set it up in the middle of the city due to the higher real estate prices, so they will be going to the outskirts. That will help in developing the outskirts and the roads will also develop. Therefore, it has multiple benefits. It will also educate people with new technology. So, according to me, it is a wonderful thing to happen.

Is this resistance by the other retail giants is because of their specialization in one particular product category and not like Shoppers' Stop which has every product under its umbrella?



Shoppers' Stop has three formats as of today. In Juhu store, we have a tie-up with Mac, which is an exclusive colour cosmetic brand for women in the world. We are looking for a different format but there are also specialists in the market. The specialists do exist in the West for the so-called mature market. So there is a room for every single player. The corner shops also called the milk bar in the UK and other areas are never going to be shut. You get the necessities in these stores from milk, newspaper to bread, medicines and other requirements. These will flourish and at least you will see a better change in terms of presentation, customer services because of the international competition. Today some of the retailers do not even look at you as a customer but this will happen very soon. Every brand has its segmentation. In Shoppers' Stop, we are looking at all 25 plus persons though we have merchandise for 18 to 19 year-olds who want to get into denims and T-shirts. Therefore, the markets will be segmented further. Because of the larger formats coming in, the customer awareness will also happen. In our case if someone is getting married, they will go to Raymond to stitch their suits. The same person, if he is working with Wipro or TCS, who is getting a grooming allowance or if he wants to buy a navy blue coloured blazer to match it with multiple coloured trousers, he will prefer to come to Shoppers' Stop to buy that. When he goes overseas and wants to buy a shirt for his father-in-law, he will probably buy a Lacoste but if wants to buy a T-shirt for his driver, then he will go to Wal-Mart. If he wants to buy chocolates in bulk, he will go to Wal-Mart but if wants to buy exclusive Swiss chocolate for his fiancée or wife, he will go to a duty free shop. So, the same consumer would be behaving differently.

How do you see Australia as a market for the retailers in India? Which are the advantages of Australia or know how that the

Indian retailers could pick up?

Australian retailing is matured but

its manufacturing is outsourced to countries like China, Sri Lanka and India. Indonesia also supplies very good quality Van Huesen shirts. But what we can learn is how to manage multiple formats. Cold Smile is a classic case. Shoppers' Stop and Cold Smiles are members of IGBS where we can exchange ideas. We are talking to Perth, TAFE people to train our people here so I am visiting the institute to see the facility there. This was organized through the Western Australian Trade Office in Mumbai. Austrade has also supported us in sourcing. Coming back to the garment and accessories segment, we are looking at Australia to get some good designers for producing good quality garments. These could be made either in India or if they are outsourcing it to China, we can import them from that country. Leather goods, bags, which are made in Australia, we will get them. Once our hypermarket format opens up, there is a huge potential for Australian wines, cheese and health food items, which could be displayed there.

What are your own brands?

We have 13 different brands; they include, STOP, KASHISH, AUSTIN REED like that.

How do you see the in-house brands of Shoppers' Stop would benefit from the outsourcing of manufacturing of textiles?

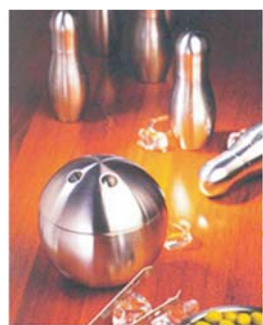
Currently we have done that. In fact, the quality of garment making is brilliant. I call this as a waterfall effect. When you look at a waterfall, you will see it is very small where it starts. That is the developed world for us. That is where the technology hits development. Then it falls to the next level where we get into the larger bases of manufacturing. Then it falls to another level and gets broader. That is where the developing countries like India and China, Indonesia come into the picture. Then it falls further, becomes flat, and becomes a river if you look at the African countries and other regions like that. Always technology flows that way. So, when people ask me about the manufacturing going out of India, I say it is possible.

What about textile manufacturing coming into India?

It is happening.

How do you perceive Wal-Mart's entry into India?

When we open up the hypermarket format, Wal-Mart could be our competitor but there is no threat. Shoppers' Stop understands the Indian market so we believe that we will be in a position to grab that market share for ourselves in that category. Moreover, India is a huge market, which can accommodate many players, allow co-existence and let them grow. ■



A two-day International Diamond Conference, the first of its kind to be held in India, brought together the giants of the diamond industry, covering the vast field from mining to marketing in a bid to discuss and resolve its problems as well as forge an understanding among them.

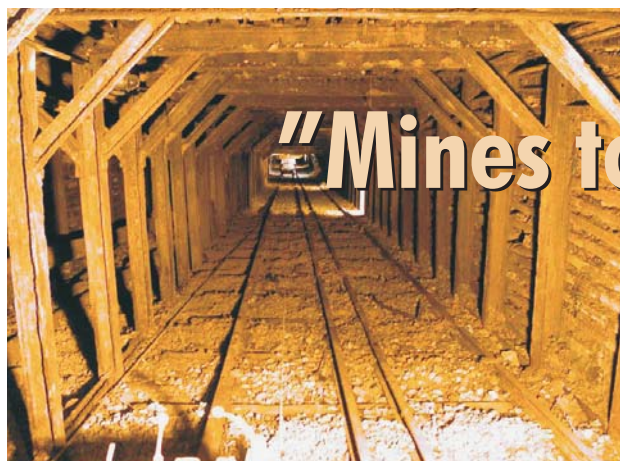
Aptly titled Mines to Market 2005, the two-day seminar, organized by the Gem & Jewellery Export Promotion Council (GJEPC), India's apex industry organization, on May 24 and 25, reinforced the strengths and capability of the Indian diamond industry on the global map.

The two days saw not only a congregation of the who's

involved in various stages of the diamond pipeline were present at the conference. As many as 90 per cent of the world diamond producing countries participated as well as representatives from the major markets such as US, Japan and South East Asia were present.

Some of the dignitaries who spoke at the conference include - President Festus Mogae of Botswana; India's Minister of Commerce & Industry Kamal Nath; Ms. Phumzile Mlambo-Ngcuka, Minister of Minerals and Energy, South Africa; Ingele Ifoto, Minister of Mines, Democratic Republic of Congo.

Eminent world diamond leaders who addressed the



"Mines to Market 2005"

India's Global Initiative Adding Lustre to Diamonds

who of the world diamond industry on one platform, but also facilitated an open exchange of views and information on issues that are currently affecting the global diamond industry.

Around 600 delegates representing the major mining nations and companies such as Botswana, Congo, Russia, Canada, South Africa, De Beers, Rio Tinto and leading Indian and international diamond companies

delegates include Gareth Penny, Managing Director, DTC; Martin Rapaport, President, Rapaport Group, Douglas Ritchie, MD, Rio Tinto Diamonds; Wayne Isaacs, President & COO, Ekati Mines (BHP Billiton); Dilip Mehta, CEO, Rosy Blue Group International and A.K. Purwar, Chairman, the State Bank of India.

The seminar addressed many common concerns faced by the international diamond community such as the

India's strides in the world of diamonds

India entered the world cut and polished diamond market when it commenced exports in the late '60s. In less than three decades, India had emerged as the clear leader in the international polished market.

Over the last five years, India has not only maintained its position as the leading diamond manufacturing centre, it has also increased its share of the market.

Today, India imports over 75 per cent of all rough diamonds produced in the world. Of the world polished market, India has a 60 per cent share in terms of value, 85 per cent in terms of carats and 92 per cent in terms of the number of pieces.

The gem and jewellery industry has been registering a remarkable growth rate of about 30 per cent annually on an average, for the past several years. The results for the

calendar year 2004 show that total gems & jewellery exports stood at US \$ 14.68 billion; exports of cut & polished diamonds amounted to US\$ 10.34 billion; and exports of gold jewellery amounted to US\$ 3.67 billion.

More importantly, the last five years have seen the consolidation of a process, which began earlier the move to polish large stones of better quality. Thus India, which began as a

inconsistency in rough supply, the decline in the profit margins across levels of the diamond pipeline and the problem of synthetic diamonds and the promotion of the product.

Commenting on the conference, GJEPC Chairman Bakul Mehta said, "Mines to Market 2005 has laid the foundation and initiated the global leaders in the diamond industry to raise a unified voice on the concerns of the industry and discuss them further at various effective trade forums across the world."

The High Points .

Botswana President Festus Mogae reinforced his nation's commitment to work jointly with the international diamond community to sustain the overall health of the global diamond industry be it in the area of supply of rough diamonds or the problem of synthetics.

India's Commerce Minister Kamal Nath announced that the government is considering the industry's proposal on the 5.0 per cent duty on import of polished diamonds and the issue of turnover tax and agreed to work in unison with the mining nations, particularly from Africa. The Minister also invited the mining companies to set-up operations in India to sell their products.

Maharashtra Chief Minister Vilasrao Deshmukh said that the problems faced by the gem and jewellery industry in the area of VAT, Octroi and infrastructure would be taken care of by the state government.

Ms. Phumzile Mlambo-Ngcuka, Minister of Minerals and Energy, South Africa expressed her agreement to work closely with the Indian diamond industry

and has invited industry representatives to South Africa for further dialogues to take industry forward.

Ingele Ifoto, Minister of Mines, Democratic Republic of Congo, informed the audience about his government's efforts to the development of the diamond processing industry in Congo. He also pointed out the non-existence of a centre for training in gemology, and reaffirmed the government's commitment to collaborate with internal as well as external partners who would like to create diamond schools and centres for training in Congo.

Gareth Penny, Managing Director, DTC, predicted a bright future for the diamond industry, commented that worldwide the demand exceeded the supply of rough. Penny does not perceive synthetic diamonds to post a major threat and said the international diamond community could address the issue when it arises in the future.

Rio Tinto Diamonds Managing Director Douglas Ritchie said that in 2005 his company plans to spend at least \$4 million on exploration in India. To further encourage diamond exploration in India, he suggested to the Indian government to accelerate the Reconnaissance Permit process, increase the prospecting license area from 25 sq. km to 500 sq. km per company per state, reduce the royalty on local diamond production and allow 100 per cent ownership.

Martin Rapaport, president of the Rapaport Group, chastised the



manufacturer of small diamonds, today has skills in producing cut and polished diamonds of virtually every size, shape and colour. There has also been a concerted attempt to innovate and develop new cuts by various Indian companies. The Indian diamond industry's commitment to technological advancement and excellence is clear from the fact that India has the largest number of laser machines as compared with any other diamond manufacturing centre.

The last five years have seen an accelerated development on the jewellery front as well, both in terms of quality of the product and the expansion of the industry in terms of sheer size. The domestic market, too has matured greatly with a proliferation of brands being offered to the Indian consumer. Currently, the Indian jewellery industry is set to take off on a journey of exponential growth with increasingly open policies, a rapid development of Special Economic Zones in different parts of

the country and the opening of new units in the foremost zone SEEPZ in Mumbai.

Under the leadership of The Gem & Jewellery Export Promotion Council, the industry has set itself a target of achieving US\$ 16 billion exports by the year 2007. With the support of the Indian Government the gems and jewellery industry has also set itself the aim of developing into a trading centre and a major jewellery manufacturing and exporting one. ■

audience for the huge banking debt the industry has incurred (\$3.1 billion for the Indian industry in the first quarter of 2005, according to figures from ABN-AMRO Bank) and the long credit period the industry gives to its customers. "You don't sell diamonds, you lend diamonds," he told the delegates.

Leo Kniphorst of ABN AMRO

Bank warned that the industry could get hit hard if interest rates rise. "The cost of borrowing has been relatively low in recent years," Kniphorst said. While he asserted that there was no reason to panic, he advised companies to move toward a more corporate organizational structure in order to face the changing demands of the diamond industry.

Zale President and CEO Mary Forte, in a video presentation, spoke of her company's efforts to move further up the supply chain and "closer to the source."

Andrew Waring, director of the supply chain for Signet, highlighted how his company has given a retail makeover to its U.K.-based chains. He also revealed that Signet would begin selling jewelry online, with a soft launch slated for later this year a departure from Signet's current site, which is purely informational.



Taking forward from the Mines to Market conference, GJEPC has announced a series of initiatives to further the growth of the sector.

- Firstly, the council will promote the backward and forward integration of the industry in order to initiate and formalise the sector for future growth i.e. diamond players will be encouraged to have a presence right from the mining of diamonds to the ir retailing.

- Secondly, the council is willing to work jointly with the African nations to add value to the expensive rough stones coming from the African mining countries, to ensure that in exchange the rest of the goods come to India.

- Thirdly, GJEPC will be initiating a discussion to form a forum wherein it will invite all leading players from the entire diamond pipeline to participate and discuss the issues facing the global diamond industry and collectively make efforts to address them.

- Lastly, GJEPC will promote natural diamonds and influence the mining companies to promote the same as well.

India will soon be a global diamond trading hub

- Kamal Nath

The Indian Government is working closely with the domestic gems and jewellery industry to develop an international trading centre for diamonds, Union Commerce and Industry Minister Kamal Nath has said.

Addressing the two-day International Diamond conference - Mines to Market 2005, Kamal Nath said: "Considering that we are the largest purchaser of rough diamonds in the world, there is no reason why India should not have a diamond trading centre at par with the centres currently in Belgium, Israel and Dubai.

"The Government will extend all possible help to develop its infrastructure. We hope to have this established in the near future," he said.

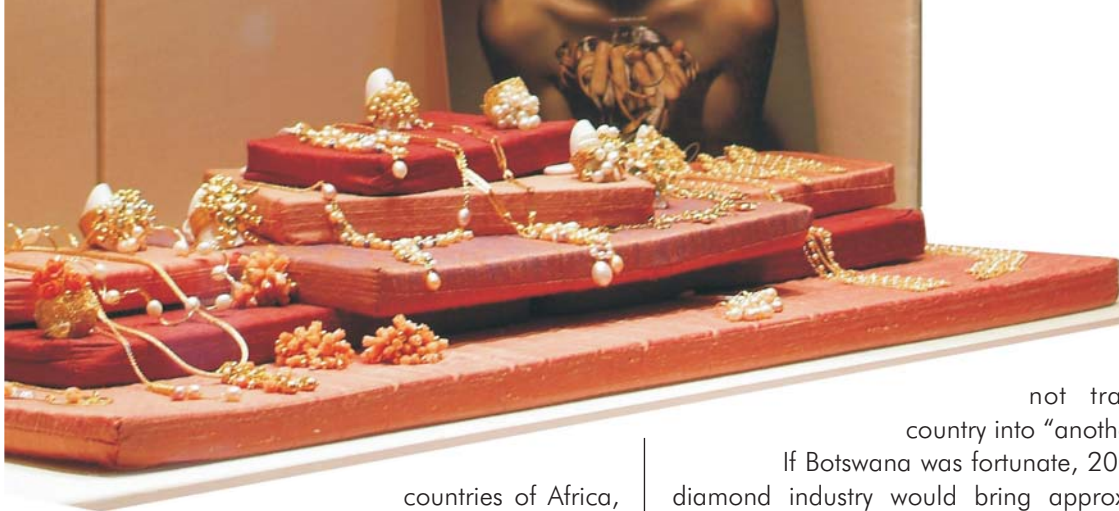
"The Government would also encourage FDI and joint ventures between Indian entrepreneurs and businesses abroad in sectors all along the diamond chain -

exploration, mining and sourcing; in cutting and polishing; in jewellery designs and manufacturing; and in exports, sales and marketing," Kamal Nath said.

He said the Commerce Ministry had set a merchandise export target of \$92 billion for the current financial year 2005-06 as against \$80 billion in 2004-05.

"There has been a phenomenal growth in the gems and jewellery exports over the years. From a modest figure of barely \$25 million 30 years ago, it has grown to \$15 billion a year. These exports account for 18 per cent of India's total exports, next only to textiles as a foreign exchange earner," he said. India's world market share of cut and polished diamonds was 92 per cent by pieces, 80 per cent by caratage and only 55 per cent by value.

"We are quite open to the idea of entering into economic co-operation agreements with countries, especially the



countries of Africa, that ensure the supply of rough diamonds to India, while also bringing value and investment in other areas (such as transport, communications and infrastructure) to supplier countries," he said.

Last year, Botswana, a largest producer of rough diamonds in the world, exported over \$2 billion worth of rough diamonds.

"Botswana is as independent today on this one single commodity as virtually any country has ever been on any one export product. In other primary producer countries (Canada and Russia), such an output would represent only a small portion of the total value of their exports," Mr Festus G. Mogae, President of Botswana, said at the seminar.

Mr Bakul Mehta, Chairman of Gems and Jewellery Export Promotion Council (GJEPC), said the council would set up a forum to keep trail of natural diamonds and gain consumer confidence

Botswana's President Festus Mogae, in his keynote address said that among the things his country would not do is to introduce "any draconian fiscal incentives or any other forms of compulsion."

Mogae touched upon the issue of local beneficiation, and said: "That is to say, we have no intention, for now, of making the export of rough diamonds illegal or uneconomic by imposing fiscal or other penalties on those who export diamonds in their raw state. Nor, I would add, do we have any expectation of supplanting India as the world's leading centre for diamond cutting."

Outlining his country's perspective, Mogae said that Botswana along with Russia is by a considerable margin, the market leader in rough diamond exports. This made Botswana the world's most "diamond dependent" economy. "This," he added, "in turn, also places us as the most 'diamond vulnerable' nation on the planet." The \$2 billion in rough that Botswana exported in 2004 represented four-fifths of all of the country's exports. Botswana would never do anything to harm the long-term stability of the diamond industry, he said.

Mogae noted that the success of Botswana's diamond

industry had not transformed his country into "another Switzerland."

If Botswana was fortunate, 2005 yields in the diamond industry would bring approximately \$1.75 billion in revenues. When one factored in the population of 1.75 million people, this worked out to just over \$2 a day, or just more than the international benchmark for those considered to be living in poverty. The President stated that his government faced a great deal of domestic criticism for exporting rough diamonds to places like India for processing.

"Many of our citizens would rather see us taking advantage of what they see as an opportunity to derive greater direct benefit by adding value in the form of downstream production in our own country," he said. "Indeed, our sternest critics accuse us of conspiring with the Diamond Trading Company to export from Botswana, employment opportunities that are sorely needed at home."

It was therefore, the President added, important that the industry understood the Botswana government's views.

GJEPC chairman Bakul Mehta welcomed delegates and explained that the most important aspect of the conference was that the different stakeholders in the global diamond processing chain would have the chance to hear and appreciate each others' perspectives.

The South African Minister for Minerals and Energy, MS Phumzile Mlambo-Ngcuka, the second keynote speaker, said that her country was "on the wrong side of the value chain." She told the conference that while the entire diamond mining industry produced some \$8 billion a year, the retail jewelry end of the chain was valued at approximately \$56 billion in annual sales. She added that even in gold and platinum, the value added to the natural mineral product was so small it wasn't worth mentioning. For all its association with the diamond industry, Mlambo-Ngcuka said South Africa had just 30,300 people earning a livelihood from it.

She said that South Africa was pushing towards greater downstream development in the industry and was also working on branding diamonds by leveraging the famous Kimberley name. She said the initiatives were inclusive of foreign participation and invited participation from all over the world in everything from cutting and polishing diamonds to retailing diamond jewellery.

Martin Rapaport, CEO of Rapaport Inc., one of the

conference's moderators, told the gathering that the industry was going through changes, the likes of which it had never seen before. He used the analogy of several independent storm centers, each with different parameters, merging together to form one gigantic new one. How the industry perceived the changes and reacted to them would determine essentially how it would ride out the combined storm. He said that nobody was in the business of selling diamonds. Rather, everyone was in the business of selling the idea behind the diamond.

Diamond industry consultant, Chaim Evan-Zohar of Tacy Ltd., the conference's other moderator, quantified some of the forces that were impacting the industry by saying that by his estimation, the 10 million fewer carats that were produced by Rio Tinto's Argyle mine in Australia, would have hit between 60,000 and 70,000 jobs in India's cutting and polishing industry alone.

Ashish Mehta, a leading diamantaire from India, introduced his country's historical background to the delegates, touching upon India's scientific base that was the backbone of organizations such as United States space agency NASA and software giant Microsoft Inc. He outlined the transformation of the country as a steady climb out of abject poverty on the back of a vibrant and growing economy. He described how the family network had been the perfect foundation to build the global business network, which had helped India's diamond industry grow to its world leadership position.

De Beers Diamond Trading Company managing-director Gareth Penny, in his presentation, said De Beers shared the concerns that had been voiced by Botswana's President and South Africa's minister.

Among the issues facing the industry, he said, was the advent of synthetics. He said, however,

that he was confident that --provided the industry developed proper methods of detection, disclosure and differentiation-- synthetics would never threaten the market for natural diamonds.

Citing the example of synthetic rubies, which have been around for decades, Penny said that the main concern is that synthetics would undermine the pricing of naturals if not properly disclosed, detected, and differentiated. He said that this did not mean the same retail store could not sell natural and synthetics together -- as long as the customer was clearly informed of the difference in the products.

Issues, pulls & counter-pulls

Established cutting and polishing centers like India have been growing increasingly concerned at the shortages and erratic supply of rough that have plagued the industry for the past few years. The situation has been attributed to a combination of a huge over-capacity in diamond processing in India and the business concentrating effects of De Beers' Supplier Of Choice (SOC) initiative.

Compounding this is the fact that there has been a growing chorus of voices from southern African nations that mine diamonds, to develop indigenous cutting and polishing industries that would maximize the value addition to the mineral wealth of those countries.

Meanwhile, led by De Beers, all the major mining companies have been steadily hiking rough prices, while at the other end, the retailers have been mightily resisting any increase in polished diamond prices. The result has been a profit squeeze on the diamond processing industry.

With all these different forces pulling in different directions, the future of the diamond cutting and polishing industry has become increasingly uncertain. ■





Best locales, crew & post-production support

Queensland -

Bollywood's latest fetish & destination

Queensland has emerged as a major hub for international film and television productions. It has stunning locations and world-class facilities for film-making, backed by talented crew and cast. Film production expenditure in Queensland has increased from an average of \$10 million a year a decade ago to a three-year average of \$139 million between 2001-02 and 2003-04." Not only Some major Hollywood film projects have taken shape with the support of the knowhow of Queensland production houses. India's own Bollywood too has found Queensland a favourite location for its productions.

No wonder, Queensland Premier Peter Beattie is very enthusiastic. "The Queensland Government is a strong supporter of the film and television production industry because it delivers significant economic benefits and employment opportunities."

Beattie said Queensland was working to strengthen its ties with the Indian film and television industry with Queensland locations and stunt experts featuring in Indian films and advertisements in recent years.

"In September last year I visited Mumbai, along with the head of Queensland's Pacific Film and Television Commission, Robin James, and other representatives

from Queensland's film and television industry," he said, and added: "We talked with key people in the Indian film and television industry about what Queensland offers in locations, post-production expertise and collaborations.

Following Beattie's Mumbai visit, one of India's largest film production houses, Yash Raj Films, recently completed a nine-day location survey of Queensland, exploring the possibility of shooting a feature film there. The location survey was hosted by Films and Casting Temple (FACT) with the assistance of the Pacific Film and Television Commission.

Two other high-profile Indian production companies have also expressed interest in shooting in Queensland, after the premier's trade mission. These production houses are also discussing high-end co-production features with producer Anupam Sharma from FACT, to be based in Queensland.

Beattie, who has visited India three times, said since March 1998, about 120 film-related projects from India had taken place in Australia, with most of the projects in the past two years getting executed in Queensland.

"For example, an advertisement for Lay's Chips was entirely shot in Brisbane, Queensland in January last year, where the Brisbane skyline was used to replicate

Manhattan," he said. "The post-production and special effects for a Mountain Dew advertisement for the Indian market was also done in Queensland in March last year," he said.

Beattie said Queensland was also exporting film expertise to India, with Queensland stunt crew and armoury used on the 2004 blockbuster *Lakshya* and Queensland stunt performers flexing their muscles in the 2004 Bollywood action movie *Dhoom*.

Queenslander Chris Anderson (Head of Stunts and Safety for FACT) has also signed as stunt director for an Indian Fight Club-style film. The talents of Queensland's film and television industry have contributed to our stature as Australia's Smart State, and have been recognised in India. A Queensland post-production company BEEPS (now known as The Post Lounge) won an Indian film award in 2002 for its services on the coming-of-age film *Dil Chahta Hai*."

Beattie said the Queensland Government supported film and television production through a generous range of incentives, locations services, and the development of film friendly policies.

"These benefits have led to major films such as *Peter Pan*, the yet-to-be-released *Ghost Soldiers* (aka *The Great Raid*), *Ghost Ship*, *Scooby Doo*, *The Phantom*, *Pitch Black* and *The Thin Red Line* being shot in Queensland," he said.

"More recently, the US feature film *House of Wax* and two features from World Wrestling Entertainment Films were filmed on Queensland's Gold Coast, shooting at Warner Road show Studios and various locations in the region." Beattie said.

Warner Roadshow Studios was a world-class facility, with eight major soundstages; two water tanks, a 200-acre backlot, production offices, post-production facilities, workshops and a processing laboratory.

"While these impressive facilities are a major drawcard for international productions, what really sets Queensland apart from the rest is the spectacular diversity of its locations," Beattie said.

Lush tropical rainforests, arid deserts, impressive cityscapes, small country towns, rural farmland, mines, quarries, and stunning beaches that stretch for miles, are just a selection of the film and television backdrops available in Queensland. It has five of Australia's 11 World Heritage areas, including one of the Wonders of the World The Great Barrier Reef. The state is also renowned for its glorious weather and is fondly known as 'the Sunshine State' because it has an average of 300

sunny days a year.

Minister for Education and Minister for the Arts Anna Bligh said Queensland had recently hosted a number of international scouts for major productions requiring locations as diverse as Manhattan streets, alleyways and apartments; Hawaiian streets and beaches; dense pine forests; a tropical jungle; and the US mid-west.

"The Queensland Government funds the Pacific Film and Television Commission to market Queensland as a film location internationally and facilitate production by offering a free locations service to productions that meet key criteria," Ms Bligh said.

"The PFTC provides free advice and help for any production based in Queensland, and can help with negotiating access to State Government-controlled locations," she said, adding, "Queensland's incentives are regarded positively by international producers for the certainty they provide."

Incentives include a Cast and Crew Salary Rebate and Payroll Tax Rebate. Queensland also attracts a large number of offshore television commercials because of the range of accessible locations. The PFTC offers television commercial producers locations advice, access to a digital locations database, assistance with permits, and access to contacts in the industry.

Ms Bligh said Queensland was known globally for its post-production and visual effects capabilities. "Our post-production companies have been working on feature film, series and reality television projects for worldwide release for the past 10 years," she said.

Australia's largest privately owned post-production facility is based in Queensland, as well as a number of boutique facilities. Post-production services such as HD telecine, visual effects, animation, full sound post-production, online, colour timing, avid rental and titles design are available. Queensland has also developed a comprehensive visual and digital effects industry since the 1980s that has serviced both local and international productions. Services include visual effects supervision and management, miniature construction, motion control, creature design and fabrication, animatronics, digital effects including matte painting, 2d compositing, 3d computer-generated imagery (CGI), film scanning as well as many other artisan skills that complement a mature visual effects industry.

"These technological skills, combined with our stunning locations, talented crew and world-class facilities truly do make Queensland a one-stop-shop for film and television production," Ms Bligh said. ■

Touring Film Festival makes Australians ask for more **Bollywood Masala** A Feast of a Fest at its Best

The success of Indian films in Australian cinema theatres has prompted MG Distribution to create an Indian Film Festival to broaden the audience. Indian filmmakers have been travelling down under to promote their films in Australia. The result is "The Bollywood Masala," an Indian Film Festival, produced sister company of Blackcat Films and organised by MG Distribution,

Australia's touring Indian Film Festival, known as "Bollywood Masala" now in its second year. It is already one of the bigger festivals touring nationally with 13 of the best Hindi films coming from India in the past 12 months screening in capital cities.

Director of the Festival and Executive Director of MG Distribution Mitu Bhowmick-Lange said: "We have tremendous success releasing Indian films in Australia, but it is through the festival that we are able to showcase Indian Cinema to the broader Australian mainstream audiences, and further build our audience."

The Festival is honoured to have India's famous producer-director Yash Chopra as the festival patron. In his message to the festival, Chopra said, "One of my dreams was that people who do not understand the Hindi language should enjoy our films for their content, emotions and cultural values. It is heart-warming that this is happening all over the world, and in particular, in Australia."

In the 2004/05 tour, the festival featured 13 feature films

including Main Hoon Na, Kal Ho Naa Ho, Chokher Bali, Hum Tum and Meenaxi: Tale of 3 Cities.

Kal Ho Naa Ho director Nikhil Advani and Kuch Na Kaho director Rohan Sippy were guests of the festival as it launched its national tour in Sydney in September 2004. Both Advani and Sippy were overwhelmed by the enthusiastic response from Australian audiences and media alike and participated in question and answer sessions for their films and public forums on the future of Indian cinema.

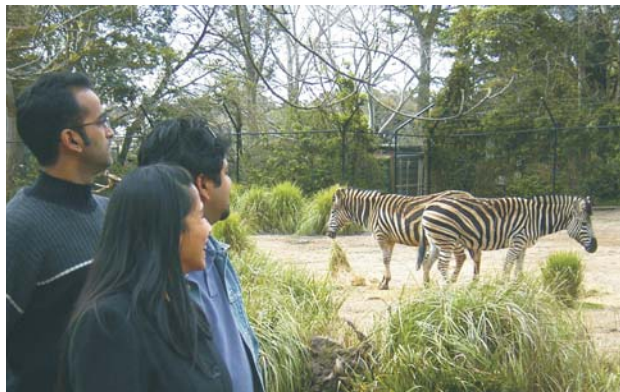
When the festival tour reached Melbourne in November 2004, audiences and media were similarly enthusiastic about guests including Hum Tum director Kunal Kohli, Meenaxi co-director and writer Owais Husain, Mumbai Se Aaya Mera Dost director Apoorva Lakhia and director of Dhoom Sanjay Gadhvi, whose films feature in the 2005 Festival.

Hum Tum was selected to screen nationally at special fundraising screenings for charity PLAN International, through which the Festival is actively helping underprivileged children in India, and children in the tsunami-affected areas. At the screening in Melbourne, director Kunal Kohli was able to introduce the screening and answer questions afterwards which organisers of the screening from PLAN considered "a real coup, the highlight of the event" and said "his presence gave a lot of pleasure to his fans and new Bollywood converts!"

"The support of Qantas made it possible to bring these directors to Australia, which gave a whole new depth and



dimension to the festival, making panel discussions possible between the delighted Australian cinema-goers and the filmmakers. We are very excited to have Qantas on board, particularly now they are flying Mumbai-



Sydney direct," said Mitu Bhowmick-Lange. The variety and depth of questions from the audiences during panel discussions in both Sydney and Melbourne stunned the visiting filmmakers discussions ranged from very intense debate about the changing role of women in Indian society to how to break into the film industry in Mumbai. Kuch Na Kaho director Rohan Sippy was particularly impressed by a question from a 15-year-old Croatian boy about the star system in India and what effect it had on the scripting of films. Similarly the panel in Melbourne were stunned by a questions from a Russian cinema-goer who asked if Indian films were at risk of becoming elitist with the rise of multiplexes in India.

The Australian media embraced the visiting filmmakers with all forms of major mainstream media interviewing them and covering the festival. Media coverage ran in media as diverse as Showtime, SBS Movie Show, The Age, Sydney Morning Herald, The Australian, ABC Radio, the social pages, film magazines, street press, community radio and of course, the Indian media.

"In 2003, when we ran the Beginners' Guide to Bollywood festival in an attempt to bring new audiences to Indian films, and showcase the best of the Hindi film industry, we had no idea that the festival would become so successful so quickly, and it is personally very exciting to see such interest in the films of India," said Mitu Bhowmick-Lange.

Having screened in Sydney, Adelaide, Canberra, Melbourne, Perth, Bollywood Australian Masala continues to tour all capital cities and regional centres nationally. ■

India, Australia for ban on killing whales

India and Australia have agreed to step up cooperation in conservation and protection of whales. This was indicated at a meeting between Minister for Environment and Forests, Thiru Raja, and Australia's Minister of Foreign Affairs Alexander Downer in New Delhi recently.



Stating that Australia is committed towards protecting whales and to facilitate the recovery of all whale populations, Downer stressed the need for pursuing an international ban on commercial whaling.



Speaking on the occasion, Raja reiterated India's commitment to continue supporting ban on commercial whaling. He said that India has always stood for non-consumptive use of wildlife wealth and is against killing of endangered species.

Raja also said the emission of green house gases by India is very low, both in terms of per capita as well as aggregate quantity, amounting to about 3.0 per cent of global greenhouse gas emissions. He further stated that India is in favour of all countries joining hands in mitigation of problems brought about by climate change. ■



For cost-effective film-making in Australia **Tag on to Nylon**

Nylon Films is specifically set up to produce work for both overseas and domestic clients. It offers professional expertise and some of the world's leading production facilities.

The Nylon team has a combined experience in all aspects of production, from feature films to high-end commercial production; from art direction to the accounting department. Nylon has an established reputation with some of the best directors, crew and casting agencies in Australia. Local knowledge and connections are paramount to its success to ensure that jobs undertaken by Nylon run like a clockwork.

Based out of Adelaide, Nylon can offer further cost savings for that crucial bottom line. Location, Crew, Editing facilities and locations offer substantially

discounted rates as compared to those of the Eastern States.

Production Facilities

Building on the base of a team of experienced professionals, Nylon can offer the ideal line production service for international shoots in Australia. It offers total production support and clear, accurate and detailed budgets. Its budgeting techniques, coupled with extensive scheduling and timings, are brought on time...

A consistently favourable exchange rate against the US dollar and the UK pound, combined with Nylon's cost-effective crews and attractive talent rate, ensures some of the best value for money around.

Australia's reputation for warmth and informal hospitality is well known, along with an independent, creative and innovative nature, quick to embrace new technologies and culture. Australia's work ethic is second to none with a 'never say die' attitude' evident when the job is at hand.

Australia has become one of the premier filming locations in the world today. International Feature and TVC producers



continue to acknowledge that Australia has state of the art facilities and solid production values when filming in Australia.

With numerous world-class Directors, Directors of Photography, SFX and Production Designers to choose from, filming in Australia can be as easy as filming at home. Add to this Australia's accessibility to some of the worlds most diverse and varied locations, excellent weather and exceptional infrastructure; the film-making experience can be a pleasure.

Unique Locations

Australia has a diverse and unique natural environment with some of the last undeveloped wilderness areas left in the world. The contrast of the landscape varies from immense desert regions and raw outback locations, to lush rainforests, impressive alpine mountain snowfields, to numerous tropical islands and coral reefs. Australia is quite possibly the only place in the world where one can travel from sub-tropical rainforests to snowy alps, to vineyards, to sandy beaches, harsh coastlines, to the modern, concrete and steel scapes of modern cities all in a matter of hours.

Home to Australia's best beach, South Australia boasts some of Australia's most spectacular locations all within a 45 minute drive from the CBD. Pristine beaches, to harsh coloured deserts and salt lakes, can all be found within a short drive of Adelaide. South Australia has good sealed roads, and international and regional airports making a range of spectacular locations easily accessible.

Some locations are in national parks, and Nylon can provide contact and support for the necessary clearances. South Australia has a film friendly climate with little rain and up to 16 hours of daylight. The climate in the southern settled regions is sometimes called 'Mediterranean' with mild, wet winters and hot, dry summers. Conditions become desert-like on the north of the state with very hot summers and mild winters. South Australia is officially the driest state in the driest continent in the world. Most of Adelaide's annual 585mm (23 inches) average rainfall occurs from April to October, with July usually being the wettest month.

The Coast

Australia is blessed with pristine surf and still water beaches. Just offshore, magnificent Kangaroo Island offers a range of rugged, unspoilt looks.

The City

Filming in Adelaide is a delight - friendly councils, police traffic control, low location fees. Outstanding production value at affordable budget levels.

Deserts & Salt Lakes

Salt lakes and desert looks are easily accessible from Adelaide, some only 40min away. This means travel/accommodation costs for crew are minimised.

The Outback

The Flinders Ranges provide a spectacular environment



for filming everything from rugged escarpments and gorges to seas of wildflowers in spring.

Rural

From rolling green hills to wheat, sheep and cattle properties all close by.

Wine Country

The Barossa and Clare Valleys, McLaren Vale, the Coonawarra & Adelaide Hills are all at our fingertips.

Adelaide Based Nylon Films is a new venture for award winning team Vicki Niehus, Producer and Robi Watt, Director. Formally co-owner of the established Mills Street Productions, Vicki decided to take on a new challenge in 2002 by establishing Nylon Films, a balance of savvy business principles and creative inspiration. ■

Much to the delight of

Indian wine connoisseurs...

Australian “Howling Wolves” are here to stay



In May 2005, a pack of fierce wolves from Australian vineyards arrived, howling all the way into India.

Luckily for Indian connoisseurs of wine these wolves only howl, just as an invitation. Since then, the 'Wolves have been howling' on the Indian sub-continent heralding a new partnership between the Brihan-Maharashtra Sugar Syndicate Limited, one of India's leading distillers; and the 'Howling Wolves Wine Group' from the premium Western Australian wine region of Margaret River.

After discovering the premium Howling Wolves & Eight Vineyards wine brands at the prestigious 'Wine for Asia' expo in Singapore, BMSS Joint-Managing Director Ashutosh Agashe and Harshawardhan Apte, Managing Director, Baumgarten & Wallia Pvt. Ltd., a BMSS group company, were invited by the partners of the Howling Wolves Wine Group to visit their winery in Margaret River, the most famous wine region in Western Australia.

Agashe and Apte were impressed with the state-of-the-art HWWG winery and romanced by what's been described as the “glamour queen” of Australian wine regions. A very special place producing wines, now acclaimed to be amongst the finest in the world and justifiably vying for the

crown of the very best of the “New World” wines on the planet. For although Margaret River accounts for just 3.5 per cent of Australia's total wine production, it's share in the Premium and Super-Premium wine produced in the country is 25 per cent.

The Howling Wolves Wine Group winery is located on 17 picturesque hectares of rich soil in the Willyabrup locality, widely regarded as the region's premier 'earth' and home to many of its most highly regarded wineries. The \$8 million state-of-the-art winery facility was built in 1998 and today crushes over 1,500 tonnes of fruit and vintnering over 1.5 million litres of premium quality wine.

The Howling Wolves Wine Group is owned by three partners, Damian Knowles, Vaughan Sutherland and Allan Waters who are all in India to join Agashe and Apte for the launch of the Howling Wolves Margaret River, Eight Vineyards and HW “Small Batch” range of premium and super-premium wines.

Agashe said: “We have watched the rapid rise in consumption in premium wine in the rest of the world, and particularly in Asia where wine drinking has become increasingly fashionable and an essential part of doing business.”

Added Apte: “The rapidly expanding middle class,

Ah, the lingering taste of it...

When the wolves came howling from Australia, Mumbai welcomed them with open arms. Blood substituted by wine was on the floor, mesmerizing everyone with the jazz music. It was the launch of the Western Australian wine company, Howling Wolves, in India on May 27. Baumgarten and Wallia Pvt Ltd., the wholly owned subsidiary of the Brihan-Maharashtra Sugar Syndicate Limited (BMSS), is the Indian partner for Howling Wolves. Harshwardhan Apte, MD of B&W and Ashutosh Agashe, joint managing director, Brihans, personally looked after the guests at the family lounge of JW Marriott, Mumbai. The party saw the who's who of the industry from Australia and India. Any party without the presence of bollywood is incomplete. Ruby Bhatia, Shalil Ankola, Dolly Thakur, Sushil Premchand including other media barons's presence caught everyone's eye in the launch party. Harshwardhan and his colleagues ensured a glass of wine in everyone's hand. The three Australian partners of Howling Wolves Damian Knowles, Vaughan Sutherland and Allan Waters moved around, interacting with the Indian media. The mouth-watering dishes like barbeque chicken, pasta and variety of salads, prepared by the chefs of Marriott was the guests delight. The party lasted until the mid-night hour. It was wonderful to watch the Australian guests dancing at the tune of bhangra (Punjabi) music being played by the Dj.

particularly 'ex-pats' returning from other parts of the world like the US where wine has become the lubricant of fine dining, entertaining and business, is driving the demand for more premium wines. Different, high quality wines from different countries and regions in the world of which Margaret River is renowned as one of the very best."

Looking for a premium wine partner BMSS focused on Western Australia but wanted a brand and range of wines that would deliver more than just superb quality they wanted a marketing edge something exciting and different that would be remembered by new wine consumers. And they found it with 'Howling Wolves'.

"We were excited by the unique, arresting 'Howling Wolves' brand name and graphics" said Agashe "And on our trip we were won over by the quality of wine being produced by HWWG all genuine varietals, true to their

premium regions not cheaper blends".

"We were also impressed by the technology and resources provided by the winery," commented Apte, adding that "BMSS needed a partner who was committed to providing a high quality product with the capacity to grow substantially with them in India."

HWWG Managing Partner Damian Knowles, who recently visited the BMSS distillery in Puna and researched the Indian Market with BMSS executives, says, "We're impressed with BMSS's operation, experience and history in the Indian liquor market and really excited by the opportunity to introduce the Howling Wolves brands to India. We believe India will grow to be one of our most important export markets and that we have the perfect partners in BMSS and Ashutosh and Harshawardhan who are as passionate about the Howling Wolves brand as we are."

With this 'premium' combination the wolves will undoubtedly soon be howling across the Indian sub-continent.

According to Apte, the Indian company has initially imported a container load. The Australian company expects this to rise to one container every two months. In about eight months, the local firm could manufacture the non-premium brands in India. "This is also because the Maharashtra state government offers concessions for local manufacture," he said.

At the launch party on May 27 in Mumbai, Sutherland pointed out global consumption levels, and said it is 53 litres per head in France, 25 litres in the US, 0.3 litres in China "and less than a tablespoon per head in India."



The Howling Wolves Wine Group (HWWG) Team. Damian Knowles, Managing Partner, Allan Waters, Partner, Vaughan Sutherland, Partner with Harshwardhan Apte, Director HWWG, India

The Australian group has introduced its super premium, Howling Wolves Small Batch (Rs 1400 per bottle), Howling Wolves Margaret River (Rs 700-800 per bottle) and the entry level Eight Vineyards (Rs 400 per bottle).

Allan Waters, partner, HWWG, said the Eight Vineyards is a product not available in the Australian market since this is an entry level product developed for the SE Asian palate. In Australia, they are a premium product company. However, they could launch the entry-level product there, too, to ensure a presence at all price points, Sutherland added.

While they are targeting the great Indian middle class, the product has been tailor-made for the market. Waters said that for the Indian market, they have eliminated all non-vegetarian filters they traditionally use. These include egg whites and fish roe.

HOWLING WOLVES - MARGARET RIVER

The core HWWG brand is the premium 'Howling Wolves Margaret River' range which includes two red wines, a Cabernet Sauvignon (the quintessential Margaret River red, now acknowledged as amongst the finest in the world) and a wonderful Shiraz. Two wonderful whites showcase the region: an elegant, herbaceous white Semillon Sauvignon Blanc; and a stunning, unique "blushed" White Shiraz (a must try with spicy Indian cuisine). All represent exceptional value and the finest in "fruit driven" New-World wine making, much developed in the wineries of Margaret River in Western Australia.

EIGHT VINEYARDS

The ultimate in Margaret River value. The fruit for Eight

Vineyards is sourced from eight different Margaret River vineyards, each contributing its own unique character adding to the mouth-filling complexity and fruit driven palate. There are two reds (both straight varietals) a rich peppery Shiraz and a soft, round Merlot. These are complimented by a wonderful, aromatic straight Semillon, the renowned white wine of the Margaret River region.

HOWLING WOLVES "SMALL BATCH"

As the label says, Howling Wolves "Small Batch" is all about vintnering and bottling very 'small batches of rare, exceptional quality Western Australian wines. Each is crafted from super-premium fruit sourced from only the finest low-yield vineyards in Margaret River and the surrounding premium wine regions. And each features its own individual batch and bottle numbers along with a stamp declaring the limited number of cases available. For instance, to celebrate the launch of Howling Wolves in India we have shipped the last 40 cases of our awesome 2002 Cabernet Merlot (18 months of French and American oak) originally a bottling of only 208 cases. Also available in very limited supply is a spectacular Pemberton Chardonnay only 280 cases available in total.

For many of the world's wineries it would hardly be worth the trouble. But for the partners of Howling Wolves it enshrines our pursuit for producing unique super-premium wines from exceptional fruit, picked in very limited quantities from the regions small, premium wineries. ■



Ashutosh Aghase, Joint Managing Director, BRIHANS, Harshwardhan Apte, Damian Knowles, Allan Waters, Don Cairns, Consul General The Australian High Commission in India) with Vaughan Sutherland

God-Made Elixir Keeps Man Free From Maladies Wine is Simply Divine

By Dr. Philip Norrie

Man has been consuming wine for about 9,000 years, beer for about 6,000 years and spirits for about 3,000 years. Wine is man's oldest medicine, having been used as such for over 5,000 years.

Wine should be regarded as a food. Historically it has been regarded as such and has been an integral part of the healthful Mediterranean diet for thousands of years. Wine also has important religious connections, being used to represent the blood of Christ in holy communion.

Dr. Maynard Amerine, Professor Emeritus of Oenology and Viticulture at the University of California at Davis

described wine as "a chemical symphony composed of ethylalcohol, several other alcohols, sugar, other carbohydrates, polyphenols, aldehydes, ketones and pigments, with half a dozen vitamins, 15-20 minerals more than 22 organic acids and other things that have not yet been identified"

Professor Walter Willett, Chairman of Harvard University's Department of Nutrition as stated "Winecan't be forgotten as an important part of the Mediterranean diet"

Professor Curtis Ellison, Head of Epidemiology at Boston University says "a Mediterranean diet, high in fruit, vegetables and grains, also typically includes one or two glasses of wine per day"

Australia's Dr. William Lennox Cleland, Medical Superintendent at the Glenside (psychiatric) Hospital in Adelaide thought of wine as a food when he addressed the Royal Agricultural and Horticultural Society on 27/8/1880 with a paper titled "Some remarks upon wine as a food and its production"

"The centuries-old belief that wine used with meals is an aid to nutrition has been confirmed by research project at the University of California in Berkeley.

In the first such study ever made a liter of Zinfandel wine

or a liter of an equivalent (11.5 per cent) aqueous solution of ethanol were fed daily with a controlled isocaloric diet to six healthy young adult males while their feces, urine, and sweat were collected and analyzed.

The results showed that all of the subjects had absorbed from their diet significantly more of such nutrients as calcium, phosphorus, magnesium, iron and zinc after taking the wine than after taking the alcohol solution.

Equally significant was that when dealcoholized wine and deionized water were substituted for the wine and for the alcohol solution during part of the 75-day study, the results were similar.

Significantly greater absorption of nutrients was found after the dealcoholized wine than after the water".

Wine should also be regarded as separate from other alcohol containing beverages because wine is unique in that it is the only alcoholic beverage to not only contain alcohol but also nature's most potent antioxidants namely resveratrol, quercetin and epicatechin and wine has the best mode of consumption because it is usually sipped slowly over a long period of time accompanying a meal, whereas beer and spirits do not contain these potent antioxidants and are usually consumed on an empty stomach thus greatly increasing their alcohol's absorption rate.

The main components that give wine its health benefits are alcohol and the polyphenol antioxidants. Alcohol is responsible for reduced clot formation (by increased fibrinolysis, reduced fibrinogen and reduced platelet aggregation), raised good cholesterol (HDL) levels and reduced bad cholesterol (LDL) levels all of which help reduce vascular disease. The antioxidants are responsible for the rest of the health benefits of wine.

As Louis Pasteur stated wine is also "the most healthful and hygienic of all beverages". This has been shown very



**"Beer is made by man
wine is made by God"**

- Martin Luther (1483-1546)
(Scholar and Religious Performer)

clearly by the Copenhagen Study, which was the first study ever to compare the death from all causes rates of beer, wine and spirits. It is a very robust study being large in size, long in duration and involving both men and women.

Dr. Marten Gronbaek, the study's director summed up the findings thus: -

"Low to moderate intake of wine is associated with lower mortality up to 50% - from cardiovascular and cerebrovascular disease and other causes. Similar intake of spirits implied an increased risk up to 34% - while beer drinking did not affect mortality"(6)

Why is this so? The antioxidants (polyphenols) which are only in wine are five times more potent than the standard benchmark antioxidants VitC and VitE, plateauing at 100% antioxidant activity after a few glasses and these antioxidants reduce insulin resistance thus help to significantly reduce diabetes, block damage being done to DNA in our cell nuclei thus reduce cancer and increase the activity of MAP kinase thus help reduce dementia by up to 80% (an incredible figure)

Antioxidants, especially resveratrol in wine, stimulate a nerve enzyme called Mitogen Activated Protein (MAP) kinase, which stimulates nerve cells and helps them regenerate their dendrites or nerve interconnections. Thus Dr. Alberto Bertelli from University of Milan, the world authority on the subject states "By daily reinforcing these contact

ts we can prevent neurodegeneration" (Such as dementia and Parkinson's disease).

Free Radicals are the poisonous waste products from our metabolism, which cause biological havoc to our bodies. The antioxidants from wine neutralize the effect of these Free Radicals, thus protecting our bodies from degeneration and aging i.e. cyto protection or preventing cell death.

Macular Degeneration causes blindness in 30% of all people over the age of 65 (that is a lot of blindness). It cannot be treated once it is established, but it can be prevented and the only thing that helps prevent it is consuming wine in moderation, which reduces the Macular Degeneration rate by up to 34%

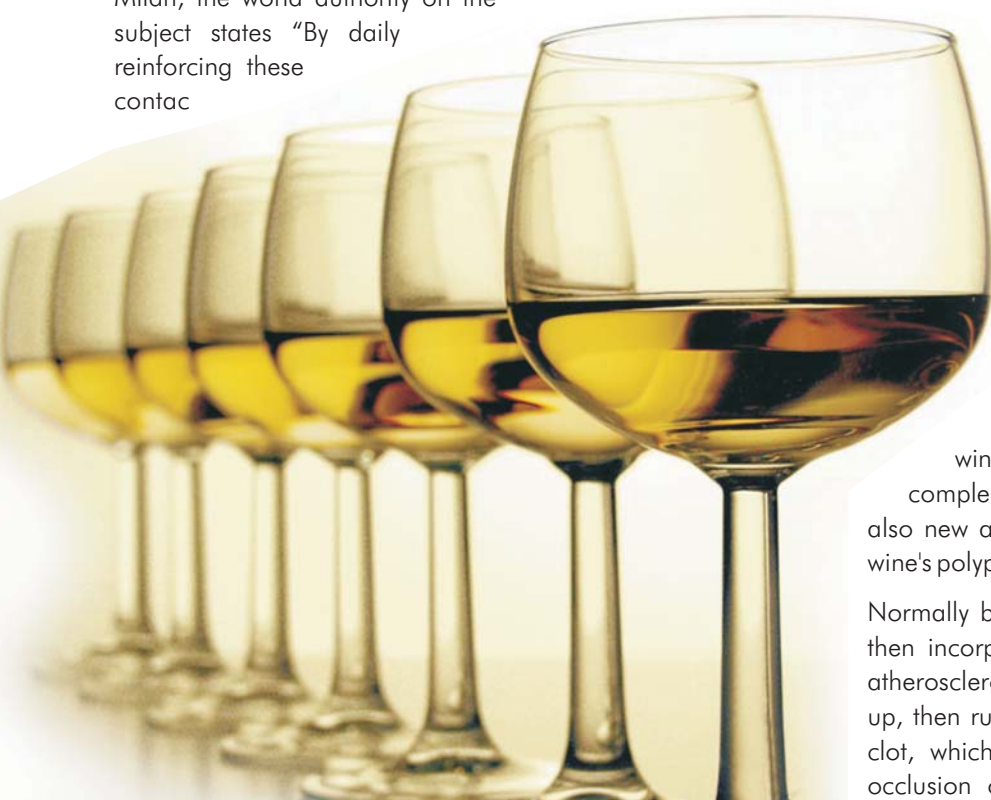
The biggest health benefit from consuming wine in moderation daily though comes from the up to 50% reduction in vascular disease. This is not only coronary heart disease but the whole vascular tree to include the brain (strokes), aorta (aneurysms), veins (DVT) and kidneys (50% of renal failure is due to vascular disease). Vascular disease is the biggest cause of death in our society accounting for about half of all deaths.

Latest medical research is showing that vascular disease is a chronic inflammatory disease, like rheumatoid arthritis, involving the internal lining of the vessel wall called the endothelium. Thus the new focus of

research now is emphasizing the anti inflammatory effect on the endothelium to prevent rupture of atherosclerotic plaque and subsequent clotting that results in the obstruction of the blood vessel and death of the tissue supplied by that vessel. The antioxidants in wine significantly reduce this inflammation and clotting, thus reducing vascular disease deaths by up to 50%. This is a whole new

exciting area of benefit and role for wine's antioxidants, not only involving complementary antioxidant mechanisms but also new alternative biological mechanisms for wine's polyphenols.

Normally bad cholesterol (LDL) is oxidised and then incorporated into the vessel wall to form atherosclerotic plaque, which eventually swells up, then ruptures. This rupture is closed off by clot, which is the final event that causes an occlusion of the vessel. Now the endothelial



inflammation theory explains why someone can have a large stable, full of scar tissue binding it together, plaque for decades which does not rupture and someone else can have a small but unstable or inflamed plaque, which does rupture at an early age.

The antioxidants, which occur in wine, prevent the oxidation of the bad cholesterol so it cannot be incorporated in the vessel wall, reduce the bad cholesterol, raise the good cholesterol (which helps reabsorb plaque), reduce the inflammation of the endothelium and act as anticoagulants. So it can be seen that the antioxidants, unique to wine, have at least five major ways in which they help prevent vascular disease.

The only downside to consuming wine is if it is abused, but if it is consumed in moderation daily then only health benefits will result. So enjoy your red or white wine in moderation daily. Mother Nature's health drink i.e. let the food, wine, be your medicine. Wine needs to be consumed daily as the antioxidants (like vitamins) cannot be stored hence need to be ingested daily.

To paraphrase Abraham Lincoln "The problem of alcoholism is not the use of a bad thing, but the abuse of a very good one".

In summary wine is different to all other alcoholic beverages because it also contains nature's most potent antioxidants and it is consumed in the most healthful way.

SUMMARY OF BENEFITS

1. Reduced vascular disease which kills up to 50% of us.

- Reduced Coronary Heart Disease by up to 50%
- Reduced Ischaemic Stroke (Ischaemic strokes account for 90-95% of all strokes)



- Reduced Deep Vein Thrombosis by up to 50%
- Reduced Osteoporosis
- Increased Intellect in the Elderly
- Reduced Macular Degeneration (a common cause of blindness) by up to 34%
- Reduced Renal Failure (up to 50% of renal failure due to Vascular disease)

2. Tonic wine contains many substances including most vitamins, minerals, trace elements, proteins and carbohydrates

3. Fat and cholesterol free source of carbohydrate

4. Reduced cancer, such as reduced prostate cancer by up to 50%, because the Antioxidants in wine block free radicals causing damage to the cell's nucleus

5. Reduced blood pressure

6. Antiseptic due to alcohol and more importantly polyphenols

7. Increases morale and appetite nursing home and hospital patients

8. Wine contains Quercetin, Resveratrol and Epicatechin, which are Nature's most Potent antioxidants and also act as anti-carcinogens

9. Reduction in colds by up to 85%

10. Diabetes reduced by up to 50% because the antioxidants reduce insulin resistance.

Dry wine best alcoholic drink that is allowed with diabetes as all the sugar has been converted to alcohol.

11. Reduced gallstones by up to 30%

12. Reduced kidney stones by up to 39%

13. Reduced Alzheimer's disease and mult infarct (stroke) forms of dementia by up to 80%

14. Reduced Parkinson's disease

15. Improved digestion

16. Reduced H. Pylori infection of the stomach and duodenum leading to reduced Ulcers

17. Improved physical and intellectual condition in the elderly

18. Reduced Hepatitis A

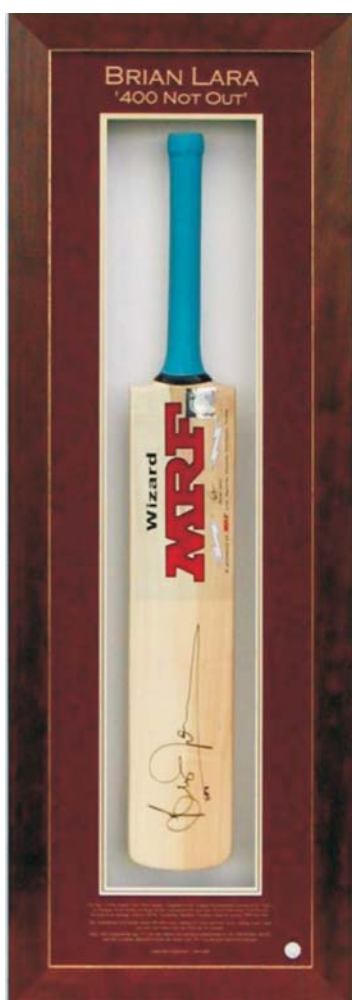
19. Reduced stress and depression

20. Reduced essential tremor

Memorabilia Online Targets Sachin, Lara

Preserving the **GREAT MOMENTS** of cricket glory

In a world where cricket evokes deep passions, the game's memorabilia have a great antique value. Australia-based Memorabilia Online has realized this truth. Since the early 1990's, Memorabilia Online has been dealing with some of the world's greatest cricketing legends on both a business and personal basis.

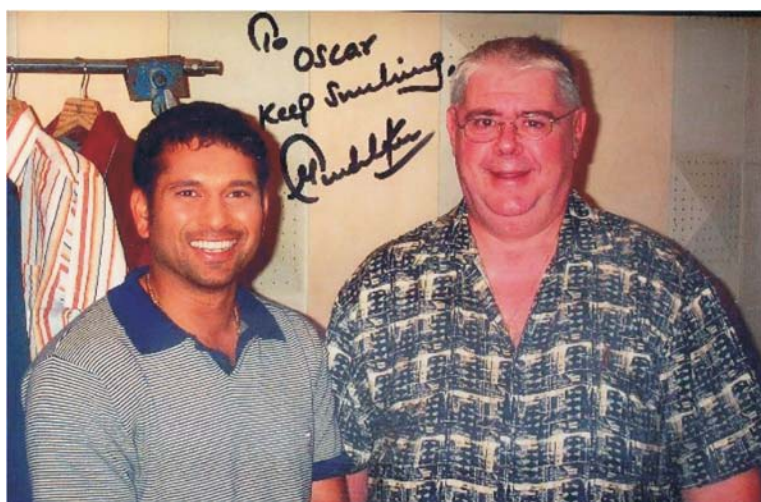


Brian Lara
"400 Not Out" Limited
Edition of 400
Each bat signed by Brian

Memorabilia Online Managing Director Oscar Swarv has hosted sports dinners and testimonials alongside many of these greats, and upon seeing the adulation afforded such icons as Sunil Gavaskar, Ian Botham, Sir Richard Hadlee, Rod Marsh and Dennis Lillee, to cite just a few, Oscar was convinced that International cricket fans were missing out on the availability of top quality sporting memorabilia, signed by their heroes. Accordingly, Memorabilia Online had been producing and marketing such products in Australia for many years. The company has also embarked on producing a small, but important series of products aimed purely at the cricket purists in Australia.

With such a passion for sport, especially cricket; Oscar believed that the world market should be made available special pieces of cricket memorabilia applauding the achievements of not just the legends, but also of the current day greats with Sachin Tendulkar being regarded as the jewel in the crown. As cricket aficionados around the world would acknowledge, a cricketing icon such as Sachin is virtually inaccessible, giving Oscar a whole new challenge to address.

Following months of research and negotiations, Oscar was given the opportunity to meet with Sachin, one chance to fulfil his dream. In April 2004, it was suggested by Sachin's management company, that if Oscar were prepared to travel to Mumbai, there was a small window of opportunity available for him to achieve his goal. Many are still amazed that Oscar took up this challenge and travelled to Mumbai for a one-day visit, a visit that proved more than fruitful. A half hour meeting with Sachin at



Oscar and Sachin at Bollywood

Bollywood led to a further meeting that evening with Sachin and his management, from which his dream was achieved. Memorabilia Online is now heading towards one of the most exciting times in its history, with agreements in place for them to produce some exciting Sachin memorabilia pieces.

Not being one to be idle, Oscar was of the opinion that, given the fact that Indians are probably the most cricket passionate people in the world, other Indian cricketing greats should be acknowledged for their outstanding achievements. With this in mind, Oscar set out to pursue his idea of creating special pieces of "achievement specific" memorabilia, one for Virender Sehwag being the only Indian cricketer to score more than 300 runs in a Test innings, and the other to celebrate Harbhajan Singh's magnificent hat trick at Kolkata. After many hours of negotiation, Oscar finally achieved success, and to reinforce his belief that the Indian cricket fans should be able to acquire their own piece of Indian cricketing history produced a limited edition series for each achievement.

Through the network of contacts that Oscar had built in India, he was approached by representatives of MRF Bats, sponsors of Brian Lara, to consider producing a special piece of memorabilia to commemorate Brian creating a new world Test innings run record of 400 not out against England. With great support from MRF, Memorabilia Online produced a limited edition of 400 signed and framed MRF Wizard bats. To protect against product piracy, as well as Intellectual Property Rights issues, Memorabilia Online use a special form of Authentication developed in Australia through A-Tag Authentication Technologies, a system that utilises embedded microchips and synthetic DNA. Each piece of memorabilia is also supported by an A-Tag Certificate of Authenticity. This system has been inspected by Sachin and is to also be used on all of his products.

The creation of these new products, plus the proposed Sachin pieces, saw Oscar return to Mumbai in November 2004 to expand his networks and to meet with Harbhajan, Anil Kumble plus a number of Institutional contacts. During this visit, Oscar and his production associates met with representatives of ESPN Star Sports to endeavour to form a marketing relationship, the results of which are now evident on ESPN Star's website, with the creation of a new "Cricket Memorabilia" store, where each of these pieces is now available for sale, and where all new



"Sehwag 309"
Limited Edition of 309
Each bat signed by Virender

product
s will be featured.

Memorabilia Online is prepared to offer special Institutional deals on any of their products and are also available to answer any enquiries regarding special customised player pieces for your company. Many companies are using memorabilia products as promotional and marketing tools to drive product sales.

To buy memorabilia online products please get in touch with:

Rohit Manchanda
Business Development Manager
Australian Trade Commission
Email: rohit.manchanda@ustrade.gov.au



"Kolkata Hat Trick" Limited Edition of 500
Each piece signed by Harbhajan

QUEENSLAND

A Big Hit With Indian Tourists

Queensland in Australia, a province of exotic landscapes is becoming increasingly popular with Indian tourists. In the year ending September 2004, as many as 11,000 tourists from India visited Queensland - a 29 per cent increase over the previous year,

Queensland Premier Peter Beattie has recently said, "the State's excellent tourism industry was increasingly gearing up to accommodate and serve discerning Indian visitors."

Amid this rapid expansion, Tourism Queensland held road shows in Mumbai and Delhi in late January and February 2005, to inform travel agents of the Queensland tourism industry's exciting range of products and services.

Experts on Tropical North Queensland and Southern Queensland joined Tourism Queensland on this mission. Qantas' recent introduction of direct flights from Mumbai to Australia has made it easier and more comfortable for Indian travellers to reach Queensland. Singapore Airlines provides great access to Queensland, with 12 Mumbai-Singapore flights a week complementing Singapore-Brisbane flights each week. Queensland is a friendly, welcoming and cosmopolitan destination, with its own vibrant Indian community.

Queenslanders are particularly focussed on making our home even more attractive for holidaying Indian families and honeymoon couples.

"We are also eager to develop the student market, and as business ties with India strengthen, we are providing first-rate service to business travellers. Queensland's Tourism Minister Margaret Keech said:

She added: "Whether it's losing yourself in pristine World Heritage rainforest, escaping to a remote Great Barrier Reef island, shopping till you drop, taking the family on a farm holiday, or enjoying the slow pace of the vast outback, Queensland has it all."

Queensland has plenty to offer its international visitors,

with Tropical North Queensland and the Gold Coast currently the most popular destinations for the Indian market. Tropical North Queensland is like another world. It's one of those must-do holidays and if you've never seen it, you're in for a pleasant surprise. It's home to the World Heritage-listed Wet Tropics Rainforests and the magnificent Great Barrier Reef.

The Gold Coast boasts a combination of golden beaches, amazing shopping opportunities, a green mountain hinterland and the most varied theme attractions in Australia. This impressive mix makes Queensland's Gold Coast the nation's most popular holiday playground.

"And don't forget our fascinating wildlife. In Queensland you can hand-feed dolphins, cuddle koalas, or observe platypus and kangaroos. And at the end of your Queensland adventures, you can relax and share a beer with the friendly locals!" Keech said.

A mermaid or a dugong!

Get up close with a herd of weird but wonderful sea mammals known as dugongs, just over an hour from Brisbane. Tangalooma Wild Dolphin Resort's exciting new marine eco cruise begun on 1 January 2005. It takes the visitor along the western coastline of Moreton Island, where one can spot dugongs aboard a purpose-built 30-seat catamaran.

Dugongs are said to have given rise to the myth of mermaids, when sailors and early explorers who saw them from a distance mistook them for half-human half-fish creatures.

Dugongs are the only vegetarian marine mammals and are commonly referred to as sea cows. While dugongs are not considered to be immediately under threat in most parts of Australia, education is critical in sustaining this species. Dugong Protection Areas and Marine National Parks have been established along the east coast of Queensland.

Besides these fascinating sea mammals, Tangalooma's new eco tour also gives the opportunity to spot dolphins, turtles, stingrays and other wildlife. A qualified biologist from the resort's Marine Research & Education Centre also goes on board the cruise.

For more details, visit www.tangalooma.com or contact www.queenslandholidays.com.au



Target India, China **Australia's \$453 mln Tourism Strategy**

More than \$453 million will be invested in the Australian tourism industry over the next three years as a continuation of the Government's funding commitment, concentrating on attracting more international tourists to visit Australian shores.

"The Australian government is investing \$453 million to strengthen the Australian tourism industry by promoting Australia as a world-class destination overseas and encouraging more Australians to holiday at home," Fran Bailey, Minister for Small Business and Tourism, said.

"This investment will allow Tourism Australia to strategically promote Australia to our key markets such as Japan and the United Kingdom, target the emerging markets of China and India, and expand tourism niches, such as business events, Indigenous tourism and eco-tourism."

Key tourism strategies and initiatives include:

- \$408 million over the next three years for Tourism Australia;
- \$20 million over four years (2004/05 - 07/08) for regional tourism projects, including Kimberley Cultural Tourism Promotion, Cairns Esplanade Stage 3, the Great

Green Way, Trail of the Tin Dragon, Restoration of Willow Court Barracks and the Oatlands Callington Mill Upgrade;

- an additional \$7.5 million over the next three years for tourism projects under the Australian Tourism Development Program to help attract more tourists to tourism experiences, particularly in regional Australia;
- an Emerging Markets Strategy to target the rapidly growing Chinese and Indian markets; domestic marketing activities to help stimulate domestic tourism in Australia;
- a National Tourism Investment Strategy to help ensure the long-term sustainability of the industry; \$3.8 million over four years to assist Indigenous tourism businesses develop management, business, planning and marketing skills; and
- a National Road Tourism Strategy to promote sustainable growth in road tourism.

This is the year for the tourism industry to strive for excellence to make Australia a world-class destination and build upon the resurgence in tourists visiting Australia," Fran Bailey said. ■

Tourism in 2005-06

What is the government investment?

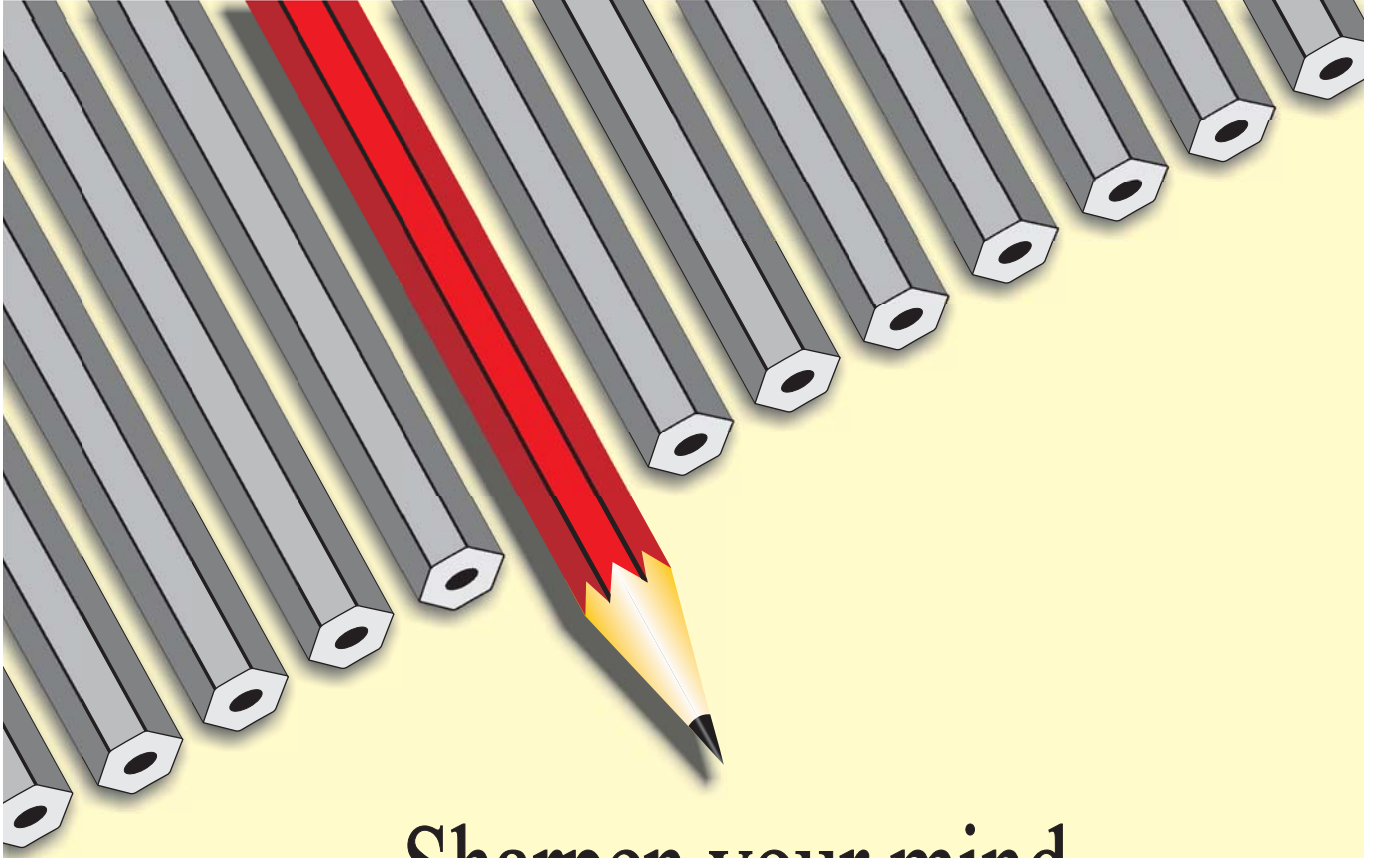
What have we done in the past?

Where will the funding be focused?

How will the funding benefit regional Australia?

Who will benefit from the tourism funding?

- The Government is investing \$453.4 million over three years.
- In 2003, the Government committed an additional \$235 million over four and a half years. The Coalition's 2004 election commitments provided more than \$20 million funding for tourism projects in regional Australia.
- \$408 million over the next three years for Tourism Australia
- \$20 million over four years (2004/05 - 07/08) for regional tourism projects, including Kimberley Cultural Tourism Promotion, Cairns Esplanade Stage 3, the Great Green Way, Trail of the Tin Dragon, Restoration of Willow Court Barracks and the Oatlands Callington Mill Upgrade.
- \$3.8 million over four years to assist Indigenous tourism businesses.
- Funding through the Australian Tourism Development Program, Tourism and Conservation initiatives, and the Business Ready Program for Indigenous Tourism will promote business development in regional areas and create job opportunities.
- Around \$20 million will benefit specific tourism projects in regional Australia (2004/05 - 07/08).
- Australia's tourism industry, regional and rural Australia, as well as the broader community.



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