

## HIGHLIGHTS FOR MAY 2007

### BENGAL SHRACHI HOUSING DEVELOPMENT LIMITED

#### INDUSTRY NEWS

In their bid to carve a niche for themselves in the overheated industry, real estate players are trying to form Joint Ventures with prominent international players and offering a bouquet of services through such ventures. These ventures are facilitating the players to adopt the latest design and construction techniques to India and thus stay ahead in face of increasing competition. Also, recently over half a dozen infrastructure companies have joined the realty bandwagon either with their own land or through acquisitions. With Govt restricting investments by foreign companies and their decision to relook at the IPO offer of real estate companies' flow of funds for real estate sector is going to be slow in the coming days.

***Pantaloan to launch KB's Wholesale Markets will invest Rs 400 cr*** - In a bid to cater to the rural market, Kishor Biyani promoted Retail is now coming up with KB's Wholesale Markets for the supply of items which include fresh fruits and vegetables. The wholesale markets will come up at Burdwan in West Bengal and Mathura in UP at a total investment of Rs 400 crore.

***Trinity eyes realty, to invest \$ 3 billion*** - The AIM - listed Trinity Capital will invest \$ 3 billion in three to five years in real estate related projects in the country. Trinity has committed and invested \$1 billion in India across five sectors - hospitality, commercial and residential real estate.

***Land rate races to 100-cr mark*** - Calcutta land rates are poised to score. According to CMC officials, for a 5 - acre plot in Chandra Garden, opposite Science City, the reserve price will be set at no less than Rs 500 crore. This will raise the price bar in Calcutta to Rs 100 crore per acre.

***Housing loan growth may slow 15%*** - RBI has reduced the risk weight on residential housing loans to individuals from 75% to 50% for loan up to Rs. 20 lakh. The demand for loans will primarily come from tire II & III cities.

***Realtors feel heat on pre- launch sale*** - Rising borrowing costs have been pinching real estate developers over the past few months. Now higher home loan rates and the prospects of a market correction are making it difficult for them to pre sell their residential projects, a standard practice till recently.

***Tata realty joins hands with Jafza to develop business parks*** - Tata Realty and Infrastructure Limited, has signed a MoU with Dubai based Jafza International, the global operations arm of Economic Zone World, to establish a joint venture company to develop and operate business and logistics park in India.

***Kolkata West City hits environmental hurdle*** - Kolkata West International City, the housing project promoted by the Salim Group of Indonesia 20 km west of Kolkata, has hit environmental hurdles. Set up as a joint venture project of Salim and Ciputra Groups from Indonesia and the Universal Success Group from Jakarta the project is spread over 390 acres, and is suppose to be the largest FDI in real estate sector in India.

***Bhubaneswar developers keen on JV projects*** - Real Estate developers have approached the Govt with a proposal to set up joint venture housing projects in partnership with private developers, and if required even with foreign partners.

***London Company in Bengal real estate*** - A UK company is taking the lead role in two housing projects near Calcutta, setting the stage for fresh FDI in Bengal real estate after the Salim's Group initiative. REIT Asset Management, a London based company that manages real estate assets valued at over \$6.8 billion globally, will partner a local developer to build nearly 5000 flats on the northern and southern fringes of the city.

***Oversupply to bring down commercial rentals 15%*** - After the corrections in rates in the residential segment, it is the turn of commercial real estate to register a drop in rates to the tune of 15%. The primary reason is being oversupply. Kolkata with an estimated supply of 8.3 million sq ft will have an excess of 66%.

***Core sector firms jumping on realty bandwagon*** - Lower margins from infrastructure projects and expectations of a higher yield from real estate projects have seen many a core sector company jumping on the realty bandwagon. Over half a dozen infrastructure

companies laid their hands on the realty sector either with their own land or through acquisitions in recent months.

***Govt to construct 30 lakh houses under IAY scheme*** - The Center has fixed a target to construct 30 lakh houses every year under the Indira Awas Yojna and 60 lakh houses during the 2005-09 under the Bharat Nirman Project during the 11<sup>th</sup> Plan.

***Eco - friendly foundation for Salt Lake techno block*** - The FISHERIES department will test the real estate waters by developing a state - of - the - art green building at Salt Lake. The building, which is coming up on an acre owned by the department, will have 19 storeys. City - based Coordinate Techno Consultant will design the building.

***Reliance set to roll out home solution stores*** - Reliance industries Ltd is silently lining up an Rs 3,000 cr home solutions retail venture. It will roll out a chain of 100 standalone specialized home solutions outlets, each spread over 40,000 - 60,000 sq ft, over the next three years.

***TCG to raise \$500 m for realty*** - The Chatterjee Group is looking to raise a \$450 - 500 million private equity fund for investments in real estate. The proposed fund, which has a mandate to invest only in real estate projects in India, will make investments in 9 cities in India.

***Realtors to go on advertising binge*** - The ad spend of most developers has gone up by 100-200% on the conservative side in the recent past. Analysts pin it down to increased competition among players and expansion to new territories, apart from lackluster demand in this quarter due to higher interest rates on home loans. Compounding these has been the pre - IPO brand building of some of the major developers.

***Future group on realty space hunt*** - Future Group, one of India's largest retailers is scouting for land in Kolkata and the rest of Eastern India to set up its various retail formats available in India. The aim is to treble its retail footprint from the existing 6 lakh sq ft to 36 lakh sq ft in eastern India within a year.

***Rs 3,200 cr facelift plan for Guwahati*** - Residents and visitors will soon get world class ambience sitting in Guwahati as the city is set for a major facelift and transformation.

Under the JNNURM, planned development of the city will be taken up to address the sanitation, waste disposal and drainage problems and execute beautification of the city.

***From now on New buildings will have to be Quake resistant*** - Not only would a new set of building bye laws make it mandatory for all new constructions to be earth - quake resistant in cities located in the seismic zones, but even existing structures of national and public value will have to be retrofitted on a priority basis to withstand quakes.

***Govt readies housing loans plan for economically weak*** - The Govt is formulating a scheme to provide loans to people from economically weaker sections including the minority community for purchasing better quality houses.

***Real options*** - The New Town in Rajarhat would add around 50 million sq ft of residential and commercial infrastructure in the next 5 to 7 years. This frenetic brick and mortar activity is throwing up a lot of career options.

***London - NRI route to mini townships*** - To cash in on the booming real estate sector in the city and the improving investment scenario, a London based company has joined hands with a Bengali NRI to develop two mini townships in the city's fringes entailing an investment of about \$20 million. The London - based REIT Asset Management has tied up with Eden Realty Ventures Private limited, led by the US - based Mr. Indrajit De, to set up two projects at Bonhooghly in North 24 - Paraganas and Maheshtala in South 24 - Paraganas.

***Realtors can take ECB route for raising funds*** - Hit by the sustained price rise in the economy, the Govt cracked the whip by further restricting the flow of foreign funds into the country. While smaller companies will find it difficult to raise loans under the new norms, the window for foreign borrowings will be completely shut for real estate companies.

***Cash crunch forces small realtors to tap grey market*** - Caught in a liquidity crunch following a series of anti - inflationary steps taken by the Govt, including the ban on external commercial borrowings in township projects, the bigger developers are holding on to their properties while the smaller ones are increasingly opting for cash transactions and raising money from undisclosed sources.

***FDI in real estate may bypass Bengal this year*** - FDI expected in the country's real estate sector during this calendar year is likely to bypass West Bengal according to industry experts. In 2007, Kolkata is expected to have a supply of nearly 8.3 million sq ft of commercial real estate space compared to an estimated demand of nearly 5 million sq ft.

***Govt reviewing pre - IPO placements of real estate firms*** - The Govt is having a relook at the policy governing the pre IPO offer sale of shares by real estate companies to foreign investors. The RBI is still to be taken on board as it is sticking to its earlier stand that pre - IPO placements must be treated as FDI as the promoter at his discretion makes it.

***Curbs likely on VC funds for realty*** - The Govt is reviewing norms for investments by foreign venture capital funds in real estate, after the RBI coming round to the view that such funding is helping create an asset bubble in the sector. The Govt is of the opinion that such funding in the sector should be stopped completely. 24<sup>th</sup> May

***Outsourcing construction, realty companies' new USP*** - To stay ahead in the face of increasing competition, real estate developers in India have found a new USP - adopting the latest construction and design techniques that brought in through joint ventures with foreign engineering and infrastructure majors. Players believe contracting companies to build their projects will help them control costs, deliver on time and improve the quality of construction.

***Pre - qualification norms for PPP projects issued*** - The Govt on Friday issued norms for pre - qualification of bidders for PPP in the infrastructure sector, aimed at ensuring that only the best get to develop the core sector projects.

***An estate run on solar power*** - A housing estate fully powered by solar energy, a first in the country is coming up in New Town, Rajarhat. Being developed by West Bengal Renewable Energy Development Agency, the work started last year and is likely to be ready by November. Development Consultants Limited is executing the project.

***Energy conservation rules for construction sector*** - The Govt has launched the Energy Conservation Building Code for the construction sector with an aim to increase the energy efficiency of new buildings. It will be implemented as voluntary programme for sometime.

***Construction sector to generate 98 mn jobs by 2012: Assocham*** - Poised to grow at about 15% annually, the domestic construction sector will generate jobs for over 97 million skilled, unskilled and specialized workers by 201. The present manpower requirement of the industry is about 30 million.

***Realty cos form FDI compliant SPVs for projects*** - There is a new trend in the real estate sector - developers demerge their company to move all FDI - compliant projects into a SPV retaining in the original company only those which do not fulfill FDI norms. This has the advantage of giving scale while overcoming Govt restrictions on equity participation by overseas investors in the domestic real estate sector.

***Rising rates slow down core projects*** - With private sectors going slow in executing projects in the infrastructure space, the infrastructure sector is feeling the heat of rising interest rates. IIFCL, the Govt owned SPV set up to finance infrastructure projects undertaken on a PPP basis, has seen a 50% drop in the number of projects coming up for finance in the last couple of months.

***Your house title may soon be safe with a full cover*** - Lack of title insurance in the Indian real estate market is deterring many new NRIs and funds from investing in this market. However, insurance companies, which provide this kind of service abroad, have sensed this opportunity. They are looking to tie-ups with legal consultancy firms in India. Arrangement would be to provide to their clients seeking to invest in Indian property market.

***L&T to invest Rs 8000 cr in real estate projects*** - In a bid to tap the growing demand for residential and commercial projects L&T is planning to invest Rs 8,000 cr in real estate and urban infrastructure over a period of 3-5 years through its subsidiary L&T Infrastructure Development Project LTD.

***A bouquet of hotels, from Singapore*** - The Singapore based company, a \$15 billion Far East Organization and Starwood Capital Group global has tied up with The Wellside Group

to create a string of hospitality addresses across the state from New Town to Darjeeling apart from Ho Chi Minh Sarani apart from Kolkata.

***Govt paves way for NRI jamboree in US*** - The ministry of overseas Indian affairs and the CII are exploring the possibility of a mini Pravasi Bharati Divas. A 4 - day programme under the banner of 'India at 60' will be organized in the US in the third week of September.

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