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Dear Friends

It has been a while since we last shared the developments at Milestone. After the demise of our founder Ved Prakash Arya in 2011, the Company has focused diligently on nurturing and divestments related activities to ensure profitable exits from the portfolio companies to deliver consistent returns to our large investor base. Many funds of early years are now nearing completion of their life cycle, and it is of paramount importance to ensure profitable return of capital.

Ever since the Board of Directors inducted me into the governing body in September 2011, I have been working closely with the management team to ensure business continuity through consolidation. Over the past year, we have successfully divested few of our businesses like Milestone

Religare Investment Advisors to Quadria Capital and Ecofirst Advisory Services to Tata Consulting Engineers. Milestone has chosen to retain its core Real Estate business which occupies over 80% of the overall portfolio and will sharpen the focus on this segment.

It gives me immense happiness to share that Milestone is one of the few PE funds in the country to have traversed its Full Cycle Capability through disciplined exits and regular pay-outs (partial / full / coupons / yield). Till date, we have returned over Rs. 1,000 crores to the investors with a few Funds having divested close to 60% of their portfolio. And the focus is towards divesting the early years funds over the next 6 to 8 months to the tune of Rs.800 crores. Today, we stand at approximately Rs. 3000 crores of assets under management across 8 funds with over 13000 investors.

Our Bullion Scheme is also carrying forward its balanced approach to managing its portfolio. Having returned around 30% of the capital, it has demonstrated optimal performance by systematic divestments discipline at optimal market values.

We have recently strengthened our leadership team by inducting Mr. Shailesh Haribhakti, a well respected figure in the corporate world, as an independent director. Additionally, we have elevated Mr. Navin Kumar, Director-Fund Raising & Investor Relations to the Board. Despite having witnessed turbulent times in the recent past, our core management team remains vibrant and continues to drive the company's growth plans. Moreover, we have also enhanced our team by inducting senior professionals into the structure.

As we move towards our next milestone, I would like to thank you all for standing by us and believing in our capabilities, especially after Ved's demise, and I can assure you that his vision for Milestone and our collective efforts in achieving it, will enable us to become a formidable force in the world of Real Estate Investments.

Rubi Arya

A handwritten signature in black ink that reads "Rubi Arya".

Vice Chairman

Real Estate Development Funds

Our real estate development business consists of a diversified portfolio across equity, structured debt & mezzanine deals, with smaller deal sizes over shorter fund tenures making it possible to invest & exit at attractive valuations.

In line with our philosophy of 'active management,' our fund managers along with a highly qualified project management team & technical professionals work closely with developers to provide techno-commercial assistance at all times thus ensuring timely execution.

The sector continues to face funding crunch especially from institutional players on account of risk aversion and weak sector outlook. Recent RBI measures have further tightened the liquidity and reversed the expected softening in interest rates. However, RBI's measures may be temporary till the rupee stabilizes and its focus remains on controlling inflation and current account deficit. Our funds have raised over 80% of the corpus from domestic investors and the weakening of the rupee has not directly affected our returns.

The overall market has seen slowdown in new project launches, slower sales of existing under-construction projects due to high property prices, leading to rising inventories. Aggressive marketing campaigns and pre-launch discounts are expected to marginally improve sales velocity.

Our funds have returned 30% of corpus (capital plus income) across all our real estate development themes with another Rs. 150 crores as planned divestment over next few quarters.



Pic: Richa, Mumbai



Pic: Auraville, Chennai

Rental Yield Funds



Pic: 247 Park, Mumbai

Our ILFS Milestone Rental Yield Funds have been consistently distributing yield income to the investors over past 22 quarters, and are actively pursuing exits from a number of investments, including 247Park in Mumbai which is in an advanced stage of due diligence by a prospective buyer, apart from few other term-sheeted assets which are in various stages of exits.

We have a highly seasoned team of investment professionals along with professionals from other functions like facility management, leasing etc. managing the fund operations across all our rental income properties.

Due to precipitous fall in rupee to record lows and the high current account deficit, currently the investors have low sentiments towards India. The Government is now focused on controlling the current account deficit, improving India's sovereign ratings, restricting import of Gold and announced further reforms to attract foreign capital.

Commercial real estate markets appear to have stabilized, and in the wake of rental and interest rate cycles bottoming out, the outlook is expected to only look up from here. Vacancy levels are expected to recede on the back on constrained incremental supply and improved demand conditions, hence office rentals are expected to yield better returns going forward.

CORPORATE SOCIAL RESPONSIBILITY - Educating the Girl Child



With a view to go beyond daily business commitments, Milestone has looked at avenues wherein it can add value to the development of the society at large. By looking at basic education at grass root level, the company has partnered with a leading NGO to impart basic education to the rural girl child leading her to pass Class V in basic subjects, thus making her confident & an independent thinker.

IIMPACT, an NGO focused to the cause, will execute this programme covering a total of 180 girl children from economically backward yet orthodox families residing in villages in Kota, Rajasthan. This effort is being monitored in partnership with Give India, a leading NGO supporting various needy causes across India.



The Ved Prakash Arya IIM AVericks Fellowship

The Young IIM AVericks Program is a one of a kind initiative of IIM Ahmedabad, IIMA Alumni and CIIE (Centre for Innovation, Incubation and Entrepreneurship) that provides an incubation fellowship to deserving IIMA graduates who wish to realise their entrepreneurial dreams.

The Ved Prakash Arya IIM AVericks Fellowship has been instituted to help young entrepreneurs focus on their business and sustain them during a two year period, the same being the most critical period for any entrepreneur.

Currently we are mentoring Dr. Punit Gangurde, IIMA (Class of 2013) to create his business project, and provide necessary infrastructure support during the same. The incorporation of this fellowship is a direct follow-through of Late Mr. Ved Prakash Arya's passion to recognise & promote the entrepreneurial spirit amongst young India to not only dream, but also live their dreams.

FOUNDER - Remembering our founder on his 2nd death anniversary



VED PRAKASH ARYA

07-12-1969 ~ 25-08-2011

I have only slipped away into the next room, Everything remains as it was.

Whatever we were to each other, that, we still are.

Call me by my old familiar name, Laugh, as we always laughed
at the little jokes, that we enjoyed together.

Play, Smile, think of me, Pray for Me.

Why should I be out of mind because I am out of sight?

One brief moment and all will be as it was before.

How we shall laugh at the trouble of parting,
when we meet again.

- Contributed by Milestone staff

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