



July - September, 2013



MILESTONE DOMESTIC SCHEME - I

Dear Investors

Greetings!

Please find enclosed the Investors Update for Milestone Domestic Scheme – I (the “Fund”) for the quarter ended September 30, 2013.

Indian economy has slowed down considerably with key economic indicators like current account deficit and consumer inflation remaining above the comfort level of the RBI. As a result, RBI raised the repo rate by 25 basis points in the current quarter indicating tightening liquidity scenario for the near term. The real estate sector continues to be impacted from both the weakening growth and funding crunch.

In a significant move, RBI also curtailed developers from launching projects under the popular 80:20 schemes and advised banks that disbursement of loans should be closely linked to construction and banks should not disburse 95% to 100% upfront. Hence developers have started offering freebies to revive demand and improve sales in their projects.

Mumbai real estate market has witnessed slow sales on account of high prices leading to affordability issues, as well as expectations of price reduction in the near term.

Bangalore and Chennai continue to maintain high absorption rates on account of emergence of peripheral markets due to right product and affordable price points. Both markets are expected to witness new project launches and hence the inventories in these two cities may remain steady.

During this quarter, the Fund has signed 2 new exits from Platina (Hyderabad) and Palavakkam (Chennai) projects. In addition we concluded partial exits from Orchid (Jaipur), Platina (Hyderabad) and Insignia (Mumbai) projects. We continue to monitor the projects during this difficult macroeconomic environment and focus on managing exits from the portfolio over the course of next 6-12 months.

During this quarter, the Fund had distributed income of Rs 22.94 crores.

We thank you for your continued support.

Regards,

Board of Directors

Milestone Domestic Scheme I

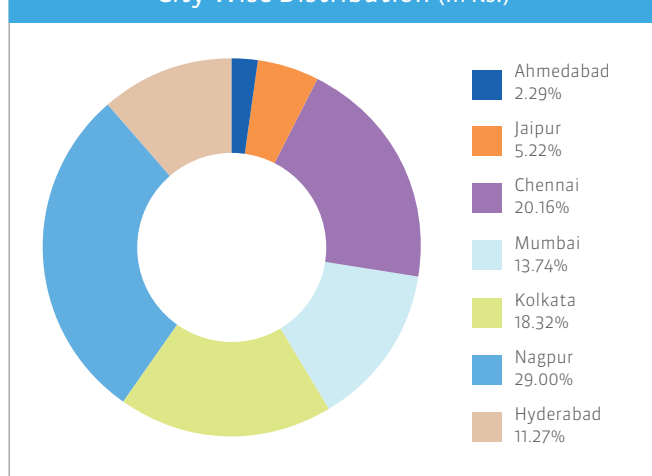
FUND SUMMARY AS ON SEPTEMBER 30, 2013

Total Fund Size	Rs. 229.30 Crores
Final Closing Date	31st March, 2008
Term	5 years + 1 year + 1 year
No. of Investments	15
Committed Amount	Rs. 218.30 Crores
Capital Divested	Rs. 111.10 Crores (48%)
Income Generated (Pre-tax)	Rs. 51.45 Crores
Total Exit Amount	Rs. 162.55 Crores (71%)

INVESTMENT SUMMARY AS ON SEPTEMBER 30, 2013

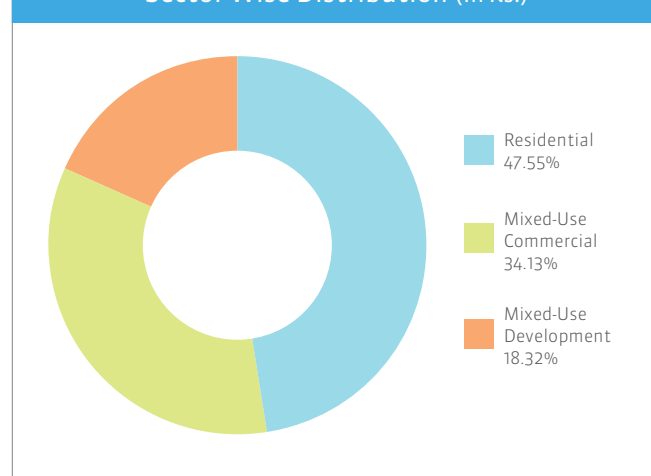
					Rs. Crore
No.	Project	Partner	Location	Initial Investment Date	Fund's Commitment
1	Sanand Kadi Highway	Sheth Builders	Ahmedabad	Feb-08	5.00
2	Various	Ramaniyam	Chennai	Various	44.00
3	Harihar	Harihar Housing	Nagpur	Dec-07	10.00
4	Assa House	Milestone Group	Nagpur	Jan-08	43.50
5	Leela Gardens	Leela Arcades	Nagpur	Jan-08	9.80
6	Prakriti	Godrej Properties	Kolkata	Aug-09	40.00
7	Insignia	Dheeraj	Mumbai	Jan-08	30.00
8	Orchid	UDB Group	Jaipur	Aug-07	11.40
9	Platina	Koncept Ambience Manjeera & Gowra Ventures	Hyderabad	Sep-07	24.60

City-Wise Distribution (In Rs.)



Shown above is the city-wise distribution (in Rs.) of the various projects in the portfolio

Sector Wise Distribution (In Rs.)



Shown above is the sector-wise distribution (in Rs.) of the various projects in the portfolio

Milestone Domestic Scheme I

PORTFOLIO EXIT DETAILS AS ON SEPTEMBER 30, 2013							RS. CRORE	
No.	Project	Location	Capital Commitment	Capital Invested	Capital Divested	Income Generated <small>(Pre Tax, Pre expenses)</small>	Total Exit	% Capital Divested
				(A)	(B)	(C)	(B+C)	(B/A)
1	Ahmedabad	Sanand Kadi Highway	5.0	5.0	5.0	0.9	5.9	100.0%
2	Water Front	Siruseri, Chennai	10.4	10.4	10.4	0.2	10.6	100.0%
3	Ramaniyam (4 projects)	Chennai	24.0	24.0	19.1	7.2	26.3	79.4%
4	Auroville	Pallikarnai, Chennai	3.2	3.2	2.8	0.7	3.5	87.6%
5	Lalah Tower	Nelson Manickem Rd., Chennai	6.4	6.4	-	-	-	-
6	Harihar	Wardha Road, Nagpur	10.0	10.0	-	2.0	2.00	-
7	Assa House	Kingsway, Nagpur	43.5	38.0	-	-	-	-
8	Leela Gardens	Snehnagar, Nagpur	9.8	9.8	0.8	-	0.8	7.7%
9	Prakriti	Sodepur, Kolkata	40.0	40.0	40.0	19.9	59.9	100.0%
10	Insignia	Kalina, Mumbai	30.0	30.0	20.0	17.8	37.8	66.7%
11	Orchid	Ajmer Road, Jaipur	11.4	11.4	2.9	-	2.9	25.0%
12	Platina	Gachibowli, Hyderabad	24.6	24.0	10.2	2.7	12.9	42.6%
Total			218.3	212.2	111.1	51.5	162.5	

Gauravv, Chennai



Location	Sholingallur, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Construction and Sales/ Partial Exit
Land Area	2.4 Acres
Total Saleable Area	169,477 Sq. Ft. (approximately)
Approval Status	Approvals in place
Construction Status	Nearing completion
Sales Status	More than 95% sold
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is a premium residential project that is strategically located around Old Mahabalipuram Road - the IT corridor of Chennai.

Project Plan

The project plan is to develop 4 blocks of premium residential apartments over 2.4 Acres, amounting to approximately 169,477 sq ft of saleable area.

Current Status and Recent Developments

Block I and Block III - All work is complete. Landscape work is in progress. Applied for Completion Certificate.

Block IV - Final Finishing work is in progress.

Few apartments have been handed over for fitouts.

OC for Block - II obtained.

Way Forward and Exit Strategy

Partial exit from this project has already been made, and the Fund hopes to make a full exit on the completion of construction and on the sale of the entire project.

Chaitanya, Chennai



Location	Koyembedu, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Partial Exit
Land Area	2.48 Acres
Total Saleable Area	184,400 sq ft (approximately)
Approval Status	In place
Construction Status	Commenced
Sales Status	Launched
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 Crores across 4 projects

Current Status and Recent Developments

Project 65% completed & 90% sold
RCC Structure ready. Brick work & plastering in progress.

Project Plan

Expected completion in next 6 months

Way Forward and Exit Strategy

There is a chance of land acquisition from the Chennai Metro Rail Limited (CMRL). Fund expected to exit on completion and sale of the project.

Pallavakkam Bungalows, Chennai



Location	Pallavakkam, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Construction/Partial Exit
Land Area	0.99 Acres
Total Saleable Area	40,000 sq ft (approximately)
Approval Status	Approvals received for 3 bungalows
Construction Status	In progress
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is a gated bungalow community at reasonable prices that is located less than 500 meters from the sea.

Current Status and Recent Developments

The project development was on hold due to zoning issue, due to which developemnt approvals were not forthcoming.

Way Forward and Exit Strategy

Due to lack of visibility on development, fund has exited the project with a marginal return. Fund has completely exited from this project in current quarter.

Stone Arc, Chennai



Location	Thiruvanmiyur, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Full Exit
Land Area	0.94 Acres
Total Saleable Area	50,557 sq ft (approximately)
Approval Status	In Place
Construction Status	Completed
Sales Status	Sold
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is an up market residential complex with 11 blocks that is located in Thiruvanmiyur, a suburb of Chennai with excellent infrastructure and good connectivity.

Exit

Fund has fully exited from this project in August 2011

Auroville, Chennai



Location	Pallikarnai, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 3.2 Crores
Disbursed Amount	Rs. 3.2 Crores
Date of Initial Investment	May 2008
Project Stage	Construction and Sales/Partial Exit
Land Area	1.25 Acres
Total Saleable Area	151,110 sq ft (approximately)
Approval Status	In Place
Construction Status	In progress
Sales Status	97% sold
Divested Amount	Rs. 2.80 Crores
Income Generated	Rs. 0.71 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is located on the road connecting Old Mahabalipuram Road and Grand Southern Trunk Road with a strong catchment of IT/ITeS players making it a good location for a premium residential project.

Project Plan

The project plan is to build 151,110 sq ft (approximately) of premium residential space on 1.25 Acres of land in an upcoming residential area in Chennai offering state of the art amenities and features at affordable prices.

Current Status and Recent Developments

Final finishing work & handing over preparation are on.

Completion Certificate has been received.

Way Forward and Exit Strategy

Partial exit has already been made from this project.

The fund expects to fully exit from this project on completion of construction and sales.

Lalah Tower, Chennai



Location	Nelson Manickem Road, Chennai
Partner	Ramaniyam
Asset Class	Commercial
Committed Amount	Rs. 6.40 Crores
Disbursed Amount	Rs. 6.40 Crores
Date of Initial Investment	July 2008
Project Stage	Construction
Land Area	2.26 Acres
Total Saleable Area	287,072 sq ft (approximately)
Approval Status	Approvals are in place
Construction Status	In progress
Leasing Status	Negotiations under way
Divested Amount	-
Income Generated	-

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is strategically located on Nelson Manickam Road - one of the fastest growing commercial areas in Chennai with excellent infrastructure.

Project Plan

The project plan is to develop 287,072 sq ft (approximately) of premium commercial space on 2.26 Acres of land in the heart of Chennai.

Current Status and Recent Developments

Block work & outer plaster work is in progress.

Negotiations are underway with potential tenants for leasing of office space.

Way Forward and Exit Strategy

In discussion with 3 to 4 prospective buyers for sale of project on 'as is basis'.

Harihar, Nagpur



Location	Wardha Road, Nagpur
Partner	Harihar Housing
Asset Class	Residential
Committed Amount	Rs. 10 Crores
Disbursed Amount	Rs. 10 Crores
Date of Initial Investment	December 2007
Project Stage	Construction
Land Area	25.00 Acres
Total Saleable Area	670,000 sq ft (approximately)
Approval Status	Layout approvals received
Construction Status	In progress
Sales Status	Outright sale in progress
Divested Amount	-
Income Generated	2.00 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Harihar Housing (now Harihar Infrastructure Development Corporation) - a well known developer in Central India.

The project is an integrated residential township, located off Wardha Road close to the MIHAN project (Multi-modal International Cargo Hub and Airport) that has initiated a lot of demand and activity in the area.

Project Plan

The project plan is to develop an integrated residential township over 25 acres at affordable prices.

Current Status and Recent Developments

Infrastructure and construction work has commenced. Internal road and approach road is partly completed.

Sample flat constructed on site.

Currently project development is on hold.

Way Forward and Exit Strategy

Fund has signed exit agreement with developer. Initial payment of Rs. 2 crores received.

Assa House, Nagpur



Location	Kingsway, Nagpur
Partner	Milestone Group
Asset Class	Commercial
Committed Amount	Rs. 43.50 Crores
Disbursed Amount	Rs. 38.00 Crores
Date of Initial Investment	January 2008
Project Stage	Construction
Land Area	0.54 Acres
Total Saleable Area	53,000 sq ft (approximately)
Approval Status	1.25 FSI Approval Received
Construction Status	In progress
Sales Status	Not launched
Divested Amount	–
Income Generated	–

Transaction Overview and Investment Rationale

The development of the project is being carried out by the Milestone Group.

The project is located on Jai Narayan Marg, Mohan Nagar, in the heart of Nagpur and offers tremendous opportunity due to its central location.

Project Plan

The project plan is to develop a 87,000 sq ft (based on FSI of 2.0x) of commercial space in the heart of Nagpur.

Currently we have received approval for 1.25x FSI resulting in 53,000 sq ft saleable area.

However, there is a potential for increase upto 87,000 sq ft upon clarification from Nagpur Municipal corporation.

Current Status and Recent Developments

4th floor slab is complete.

Terrace is in progress. Ramp foundations are in progress.

Sale of shops & offices is being actively pursued.

Project construction expected to be completed by year end.

Bank loan taken for construction of the project has been repaid by the fund recently.

Way Forward and Exit Strategy

Milestone plans to exit from the project once construction is complete and most of the property is leased/sold in order to ensure maximum gains from the project.

Leela Gardens, Nagpur



Location	Snehnagar, Nagpur
Partner	Leela Arcades
Asset Class	Residential
Committed Amount	Rs. 9.80 Crores
Disbursed Amount	Rs. 9.80 Crores
Date of Initial Investment	January 2008
Project Stage	Construction and Sales/Partial Exit
Land Area	0.84 Acres
Total Saleable Area	119,383 sq ft (approximately)
Approval Status	In place
Construction Status	Nearing Completion
Sales Status	Sold Out
Divested Amount	Rs. 0.75 Crores
Income Generated	-

Transaction Overview and Investment Rationale

The project is a premium residential development, located in Snehnagar which is 2 Km from the Dr. Babasaheb Ambedkar Airport (Nagpur Airport) and is opposite upcoming 5 star hotels like Radisson, Hyatt and the Orchid.

Project Plan

The project plan is to develop 119,383 sq ft of premium residential space in a good location in Nagpur.

Current Status and Recent Developments

Major construction is complete. However currently project is stalled.

Way Forward and Exit Strategy

Fund is exploring legal options to recover the investment made in the project.

Prakriti, Kolkata



Location	Sodepur, Kolkata
Partner	Godrej Properties
Asset Class	Residential Development
Committed Amount	Rs. 40 Crores
Disbursed Amount	Rs. 40 Crores
Date of Initial Investment	August 2009
Project Stage	Construction and Sales/Partial Exit
Land Area	24.22 Acres
Total Saleable Area	2,900,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In Progress
Sales Status	In progress
Divested Amount	Rs. 40.00 Crores
Income Generated	Rs. 19.92 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Godrej Properties - a well established national brand that is known for its good locations, great value and excellent construction.

The project is located on Barrackpore Trunk Road (an arterial road in Kolkata) in Sodepur close to Rajarhat, the upcoming IT/ITeS hub in Kolkata.

Project Plan

The project plan is to develop an integrated residential community spread over 24.22 acres which offers all the comforts and conveniences of modern and urban living.

Way Forward and Exit Strategy

100% exit completed from the project at 19.7% IRR (pre-tax).

Insignia, Mumbai



Location	Kalina, Mumbai
Partner	Dheeraj Realty
Asset Class	Residential
Committed Amount	Rs. 30 Crores
Disbursed Amount	Rs. 30 Crores
Date of Initial Investment	February 2010
Project Stage	Construction and Sales/Partial Exit
Land Area	2.25 Acres
Total Saleable Area	580,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In progress
Sales Status	80% sold
Divested Amount	Rs. 20.00 Crores
Income Generated	Rs. 17.83 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Dheeraj Realty - an experienced and renowned name in the industry.

The project is located in Kalina, Mumbai - just outside Bandra Kurla Complex, the secondary business district of Mumbai that is fast becoming the national head quarters for major international and national businesses.

Project Plan

The project plan is to develop premium residential space close to Mumbai's commercial hub hence offering homes close to offices along with state of the art amenities like an open-sky swimming pool, jogging track, children's play area among other things.

Current Status and Recent Developments

Construction work has commenced on all six wings. Basement partly completed.

Revised approval for development under process.

Way Forward and Exit Strategy

Fund has signed exit agreement and also received Rs. 20 cr. till date towards capital. Balance money expected in next 3-6 months with agreed returns.

Orchid, Jaipur



Location	Ajmer Road, Jaipur
Partner	Unique Dream Builders
Asset Class	Residential
Committed Amount	Rs. 11.40 Crores
Disbursed Amount	Rs. 11.40 Crores
Date of Initial Investment	August 2007
Project Stage	Construction and Sales
Land Area	2.61 Acres
Total Saleable Area	252,455 sq ft (approx.)
Approval Status	In Place
Construction Status	Commenced
Sales Status	Over 65% sold
Divested Amount	Rs. 2.85 Crores
Income Generated	-

Transaction Overview and Investment Rationale

The project is in partnership with Unique Dream Builders, a renowned name in the construction industry in Rajasthan. The project is a luxurious residential complex located on Ajmer Road with well-developed infrastructure and good frontage.

Project Plan

The project plan is to develop 4 towers with a total of 246 flats totaling to approximately 252,455 sq ft of residential space on Ajmer Road, Jaipur. The development will offer a club house and amphitheatre among other amenities for its residents.

Current Status and Recent Developments

Construction of Block A, Block B, Block C and Block D is in progress.

Block A - Structure complete, external painting in progress

Block B - Structure complete, internal finishing in progress

Block C - Structure complete, internal finishing in progress

Block D - 6th floor slab is in progress.

Over 65% of the flats have been sold.

Way Forward and Exit Strategy

The fund has negotiated exit by selling its interest back to the developer.

Exit to be completed by mid of 2014

Platina, Hyderabad



Location	Gachibowli, Hyderabad
Partner	GM Infra Ventures
Asset Class	Mix use Commercial
Committed Amount	Rs. 24.60 Crores
Disbursed Amount	Rs. 24.00 Crores
Date of Initial Investment	September 2007
Project Stage	Construction/Partial Exit
Land Area	2.60 Acres
Total Saleable Area	Commercial - 400,000 sq ft Hotel - 150,000 sq ft (approx)
Approval Status	Major approvals in place
Construction Status	In progress
Sales Status	In progress
Divested Amount	Rs. 10.22 Crores
Income Generated	Rs. 2.71 Crores

Transaction Overview and Investment Rationale

The project is being developed by GM Infra Ventures, a joint venture between Manjeera, Gowra Ventures, Konzept Ambience and Milestone - all reputed names in the industry.

The project is a premium commercial space located at Gachibowli - a major IT suburb of Hyderabad and home to many top IT companies like Microsoft IDC, Wipro and Infosys.

Project Plan

The project plan is to develop 400,000 sq ft of premium office space and approximately 150,000 sq ft for a hotel in Gachibowli, Hyderabad.

Current Status and Recent Developments

Construction work for both Block A and Block B has commenced.

Internal finishes & services work in progress in both blocks.

Further approx Rs. 60 cr. to be spent on construction.

Sales and leasing discussions are under way. Approximately 1,50,000 sq. ft. has been sold.

Project completion expected by June 2014

Way Forward and Exit Strategy

Due to time over-run of the project and uncertain socio-political environment in Hyderabad, project has been delayed from original plan.

The fund has signed exit agreement by selling its interest back to the developer.

Amount of Rs. 4.64 crores received. Balance money is expected to be received in next 3-6 months.

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