

Publication: Business World

Edition: Mumbai

Date: 2nd December, 2013

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## **Change, For The Better**

**From human resources to private equity — Rubi Arya has taken a big leap, and landed on her feet**

**EYES ON THE ROAD: Rubi Arya, vice-chairman and director, Milestone Capital, will focus on investor returns (BW Pic by Umesh Goswami)** The bust of a smiling Ved Prakash Arya welcomes you to Milestone Capital Advisors' office at Bandra, Mumbai. He has reasons to smile. The private equity (PE) firm he founded six years ago, has pulled away from the brink of closure, survived hostile takeover bids and lived through a complicated restructuring process. At the helm was Rubi Arya, vice-chairman and director now. Rubi was pushed into this role when her husband, Arya, passed away in August 2011, in a freak accident when a tree fell on him while he was on his morning walk. A hot-shot retail sector executive, he had launched Globus Stores and moulded Pantaloon Retail. In 2007, he started his own private equity (PE) venture, Milestone Capital Advisors, which amassed assets worth Rs 4,000 crore in the "toughest-to-do-business" years between 2007 and 2011. The following months were rife with speculation. With no second-line leadership in place, PE pundits assumed Milestone Capital was up for sale. This was good news for competitors; Milestone's distress was their opportunity. Buying it would swell their assets.

But well-wishers and some members of the Milestone board wanted Rubi to take charge of the PE firm. Rubi, who was heading HR at Kingfisher Airlines and taking care of her two school-going children, was not in a state of mind to accept the offer. "Those were traumatic days for me. I just didn't know what to do. And I was not from a finance background," says Rubi, who is an engineering graduate and holds a management degree from XLRI, Jamshedpur.

"A few of our friends also advised me to sell out. I used to come to office when the stake-sale process was on. I learnt a lot then. I saw the goodwill that Milestone enjoyed with our limited partners and distributors. Only then did I realise what Ved had left us to nurture, and I decided to run his company," she recounts.

Rubi's first executive decision as director was to sell verticals that would have to face economic headwinds. She administered the sale-cum-transfer of Milestone Religare Investment Advisors' Rs 400-crore healthcare and education fund to Quadria Capital Investment Advisors, an Asia-focused healthcare PE fund. Milestone also ended joint ventures with Religare and Ecofirst Group.

The company retained its real estate investment book. Milestone, which manages assets

**MILESTONE CAPITAL ADVISORS LTD.**

602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital, Bandra (East),  
Mumbai 400 051. INDIA. Tel : +91 22 6716 7000 Fax : +91 22 6716 7077  
email: mediadesk@milestonecapital.in

worth almost Rs 3,000 crore across seven funds, hedges its investments by taking adequate collateral cover — often 2-3 times the money lent. Among the things it retained is its Rs 330-crore bullion portfolio, which has generated investment multiple of 1.5 times.

“Ved is irreplaceable; I am not here to replace him. All this is new to me, but I am learning fast. At the end of the day, it is all about people management,” says Rubi.

Although trimming the business helped the company weather the storm, it lost some of its edge in terms of becoming a complete PE firm. Milestone had plans to roll-out a maritime fund with Mercator Group, to start a housing finance vertical and also offer full-fledged structured investment products to investors.

“All our efforts will be focused on increasing the return profile. We will try to give back money (to investors) at regular intervals. For the time being, we will only focus on our real estate portfolio,” says Rubi. Milestone’s real estate vertical has returned over Rs 1,000 crore to investors (over 13,000 investor folios), with a few funds having divested close to 60 per cent of their respective portfolios. The firm will redeem investments worth Rs 800 crore, from 2008, over the next few months.

“We have returned up to 1.5 times the money invested. Our IRR (internal rate of return) on investments redeemed is 18-25 per cent,” says Rubi.

The next point in Rubi’s agenda is fund raising. Milestone Capital plans to raise Rs 500 crore to capitalise another real estate development fund over the next few months. This is the first time the company is trying to raise money without the networking abilities of its founder. Will Rubi be able to convince investors?

The question assumes a lot of importance because PE has become a personality-driven industry. Unlike in the bull years (between 2005 and 2007), only pure-bred PE fund managers with proven investment track record are able to raise funds these days. But Rubi is confident: “I think we will be able to raise funds. We have delivered good returns. I think our investors will bet on horses that have won races for them.” Milestone’s rental yields portfolio has generated an overall investment multiple of 1.6 times, according to a Knight Frank valuation report.

“Real estate is going through tough times, but the sector will grow on sustained demand. Even now, demand outstrips supply. In cities like Mumbai, despite the slowdown, there’s demand for properties in the Rs 85 lakh-1.5 crore price range. Debt-laden builders will have to reduce prices over the next few months,” bets Rubi.

The avid reader and music buff prefers to see the glass half full. “Kingfisher Airlines was a good airliner when it was operational. It excelled in every aspect of luxury-class travel,” she says. Now, with Milestone, Rubi has her eyes set forward. “It is futile to worry about results because life takes its own course. We just do our best and not really worry about the results.” For her, life is not about moments, but about milestones.

shailesh.menon@abp.in, alertsmenon@gmail.com  
Twitter: @alertsmenon

(This story was published in BW | Businessworld Issue Dated 02-12-2013)

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602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital, Bandra (East),  
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email: mediadesk@milestonecapital.in