**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document is an admission document published in accordance with the requirements of the AIM Rules of the London Stock Exchange plc. This document does not comprise a prospectus for the purposes of the Prospectus Rules issued by the Financial Services Authority and has not been delivered to the Financial Services Authority in accordance with such rules. This document is issued in connection with a "private placement" within the meaning of the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000 and, accordingly, is exempt from the Isle of Man Companies Acts relating to the content of prospectuses and other technical rules relating to prospectuses.

The Directors of the Company, whose names appear on page 7 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application has been made for the whole of the ordinary share capital of the Company in issue and to be issued pursuant to the Placing, and the Warrants, to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of the Ordinary Shares or the Warrants to the Official List. No application has been made for the Ordinary Shares or Warrants to be listed on any other recognised investment exchange. It is expected that Admission will become effective and dealings in the Ordinary Shares and Warrants will commence on AIM on 25 April 2007.**

# PROMETHEAN INDIA PLC

*(incorporated in the Isle of Man with registered number 116518C)*

**Placing of 50,000,000 Ordinary Shares at a price of £1.00 per Ordinary Share**
**with one Warrant for every five Ordinary Shares**
**Admission to trading on AIM**

## Insinger de Beaufort

*Nominated Adviser*

## Fairfax I.S. PLC

*Broker*

*Ordinary Share Capital following Admission*

| *Authorised* | | | *Issued and Fully Paid* | |
|---|---|---|---|---|
| *Number* | *Nominal Value* | | *Number* | *Nominal Value* |
| 300,000,000 | £3,000,000 | Ordinary Shares of 1p each | 50,000,000 | £500,000 |

Insinger de Beaufort is acting as nominated adviser to the Company in connection with the Placing and proposed admission of the Ordinary Shares and Warrants to trading on AIM. Insinger de Beaufort (which is authorised and regulated in the UK by the Financial Services Authority), and Fairfax I.S. PLC (which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange) will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for providing advice in relation to the transactions and arrangements detailed in this document. Neither Insinger nor Fairfax are making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute and the Company is not making an offer of transferable securities to the public within the meaning of sections 85 and l02B of the Financial Services and Markets Act 2000 ("FSMA"). This document has not been registered or filed as a prospectus with any governmental or other authority in the Isle of Man and this document and the issue of the Ordinary Shares and Warrants have not been approved or passed upon by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man. This document may only be issued by or on behalf of the Company, or by or on behalf of any person who is or has been engaged or interested in the formation of the Company, or to persons falling within the ambit of the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000, including (without limitation) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their businesses.

The Ordinary Shares and Warrants have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), any state securities laws in the United States or under the applicable securities laws of Australia, Canada, India or Japan. Subject to certain exceptions, the Ordinary Shares and Warrants may not be offered or sold within the United States, Australia, Canada, India or Japan or to any national, resident or citizen of Australia, Canada, India or Japan or to or for the account of US persons. The Ordinary Shares and Warrants are being offered and sold outside the US in offshore transactions in reliance upon Regulation S under the Securities Act ("Regulation S"). Notwithstanding the foregoing, the Company reserves the right to offer and sell the Ordinary Shares and Warrants within the US to persons reasonably believed to be "qualified institutional buyers" ("QIBs") as defined in and in reliance upon Rule 144A under the Securities Act ("Rule 144A") who are "qualified purchasers" within the meaning of Section 2(A)(51)(A) of the US Investment Company Act of 1940, as amended (the "Investment Company Act"), or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Such potential investors will not be entitled to participate in the Placing in the United States on a private placement basis unless they complete an appropriate investor representation letter. The Ordinary Shares and Warrants being offered and sold outside the United States are being offered to persons who are not US persons in reliance on Regulation S under the Securities Act. The Company will not be registered under the Investment Company Act and investors will not be entitled to the benefit of that Act.

Prospective investors are hereby notified that sellers of the Ordinary Shares and Warrants may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or another exemption from the registration requirements of the Securities Act. The Ordinary Shares and Warrants are not transferable except in compliance with the restrictions described in "Part VI – Important Information for US Investors". In addition, prospective investors should take note that the Ordinary Shares and Warrants may not be acquired by investors that are Benefit Plan Investors within the meaning of Section 3(42) of ERISA or by investors who are or are using assets of any retirement plan or pension plan or other arrangement subject to provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or Section 4975 of the Internal Revenue Code. Prospective investors are also notified that the Company believes that it will be classified as a passive foreign investment company for United States federal income tax purposes. The Company intends to provide to US holders of Ordinary Shares the information that would be necessary in order for such persons to make qualified electing fund elections with respect to the Ordinary Shares, but a qualified electing fund election is not available for Warrants and information may not be available to make qualified electing fund elections for passive foreign investment companies in which the company invests. This may make an investment in the Ordinary Shares and Warrants unattractive to U.S. taxpayers.

**Information for US Investors**

The Ordinary Shares and Warrants have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed or endorsed the merits of the Placing or the accuracy or adequacy of the information contained in this admission document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this admission document and the offer, sale and/or issue of the Ordinary Shares and Warrants has not been and will not be registered under the Securities Act, any state securities laws in the United States or, except as set out in this admission document, the securities laws of any other jurisdiction and the Ordinary Shares and Warrants may not be reoffered, resold, pledged or otherwise transferred except as permitted by the Company's Articles and as provided in this admission document. See "Part VI – Important Information for US Investors".

Notwithstanding anything in this document to the contrary, the recipient may disclose to any and all persons, without limitation of any kind, information regarding the tax treatment, tax structure and tax strategies of the Company and its transactions that are provided to the recipient relating to such tax treatment, tax structure and tax strategies, all within the meaning of U.S. Treasury Regulation §1.6011-4(b)(3).

**NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER THIS CHAPTER WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Available Information**

The Company has agreed that, for so long as any Ordinary Shares or Warrants are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) under the US Securities Exchange Act of 1934 (the "Exchange Act"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

**Forward Looking Statements**

This admission document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the uses of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this admission document and include statements regarding the intentions, beliefs or current expectations of the Company and the Investment Manager concerning, amongst other things, the investment objective and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects and dividend policy of the Company and the markets in which it, directly and through special purpose funding vehicles, invests and issues securities. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may

not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend policy of the Company, and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally and in the markets the Group operates specifically; changes in interest rates and currency fluctuations; changes in value of the Group's investments; legislative/regulatory changes; changes in taxation regimes; the Company's continued ability to invest the cash on its balance sheet and the proceeds of this Placing in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing, the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the finance and Indian business industries.

Potential investors are advised to read this document in its entirety, and, in particular, the sections of this document entitled "Part I – Risk Factors", "Part II – General Information on the Company" and "Part VI – Important Information for US Investors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

Subject to its legal and regulatory obligations the Company expressly disclaims any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

**Service of Process and Enforcement of Civil Liabilities**

The Company is incorporated under the laws of the Isle of Man. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to effect within the United States. Furthermore, since most directly owned assets of the Company are outside the United States, any judgment obtained in the United States against the Company may not be enforceable in practice within the United States. There is doubt as to the enforceability outside the United States, in original actions or in actions for enforcement of judgments of US courts, of civil liabilities predicated upon US federal securities laws. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Isle of Man or the United Kingdom.

# CONTENTS

# PLACING STATISTICS AND EXPECTED TIMETABLE

**Placing Statistics**

| | |
|---|---|
| Placing Price per Ordinary Share | £1.00 |
| Number of Ordinary Shares in issue following the Placing | 50,000,000 |
| Number of Warrants in issue following the Placing† | 10,000,000 |
| Number of EIL Warrants in issue following the Placing | 1,500,000 |
| Estimated Net Asset Value per Ordinary Share immediately following the Placing | 96.5p |
| Estimated proceeds of the Placing receivable by the Company after expenses | £48,250,000 |

† *Excluding the EIL Warrants*

**Expected Timetable**

| | |
|---|---|
| Publication of this Admission Document | 19 April 2007 |
| Admission and dealings in Ordinary Shares and Warrants commence | 25 April 2007 |
| CREST accounts credited, where applicable | 25 April 2007 |
| Expected date of despatch of definitive Ordinary Share and Warrant certificates, where applicable | week commencing 30 April 2007 |

# DIRECTORS AND ADVISERS TO THE GROUP

**Directors**
*(all of whom are non-executive)*
Sir Peter Burt (*Chairman*)
Frank Hancock
Elizabeth Tansell
James Hauslein
Nick Agarwal

**Company Secretary and Registered Office**
Elizabeth Tansell
3rd Floor, Exchange House
54-62 Athol Street
Douglas
Isle of Man IM1 1JD

**Nominated Adviser**
Insinger de Beaufort
131 Finsbury Pavement
London EC2A 1NT

**Placing Agent and Broker**
Fairfax I.S. PLC
46 Berkeley Square
Mayfair
London W1J 5AT

**Manager**
Promethean 2 Limited
3rd Floor, Exchange House
54-62 Athol Street
Douglas
Isle of Man IM1 1JD

**Investment Manager**
Promethean Investments LLP
23A Conduit Street
London W1S 2XS

**Investment Adviser**
Promethean India Advisors Private Limited
22, Site IV,
Sahibabad 201010
Ghaziabad
Uttar Pradesh
India

**Legal Advisers to the Company**
*(as to English and US law)*
Lovells
Atlantic House
Holborn Viaduct
London EC1A 2FG

**Legal Advisers to the Company**
*(as to Isle of Man law)*
Cains Advocates Limited
15-19 Athol Street
Douglas
Isle of Man IM1 1LB

**Legal Advisers to the Company**
*(as to Indian law)*
AZB & Partners
F-40, N.D.S.E Part – 1
New Delhi 110 049
India

**Legal Advisers to the Company**
*(as to Mauritian law)*
Moorari Gujadhur
Madun Gujadhur Chambers
First Floor, Fon Sing Building
Pope Hennessy Street
Port Louis
Mauritius

**Legal Adviser to the Nominated Adviser, Broker and the Placing Agent**
Wedlake Bell
52 Bedford Row
London WC1R 4LR

**Reporting Accountants**
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

**Auditors**
Grant Thornton
19/21 Circular Road
Douglas
Isle of Man IM99 2BE

**Administrator, Registrar and Registered Office**
Chamberlain Fund Services Limited
3rd Floor, Exchange House
54-62 Athol Street
Douglas
Isle of Man IM1 1JD

**CREST Service Provider**
Capita Registrars (Jersey) Limited
Victoria Chambers
Liberation Square
1/3 The Esplanade
St. Helier
Jersey JE2 3QA

# SUMMARY OF KEY INFORMATION

**The following information is only a summary of more detailed information included in other sections of this document. The summary is not complete and does not contain all the information that prospective investors should consider before investing in the Company. Prospective investors should read the whole of this document, paying particular attention to the risk factors set out in Part I, and not rely solely on the following summarised information.**

## 1. Investment Rationale

The Company intends to generate returns for its Shareholders by investing through the Group in businesses that are established or operating in India in special situations.

India has one of the fastest growing GDPs of any economy in the world, with growing stock and capital markets. The Group will be advised by the Investment Manager and a local Investment Adviser, which will be headed up by Mohit Burman, who is a member of the family that controls Dabur India Limited, the fourth largest FMCG company in India, and Dabur Pharma Limited which is the largest oncology focused pharmaceutical company in India. Both are listed on the Bombay Stock Exchange and have a combined market capitalisation of approximately US$1.9 billion. The Burman family also has joint ventures with a number of blue chip institutions such as Fidelity, Aviva and ABN Amro. The Investment Adviser will work exclusively with the Group, assisting the Group to originate, execute and manage investments.

It is anticipated that the Investment Manager's experience in identifying, structuring and executing investment opportunities together with access to large networks of Indian businesses provided by Mohit Burman and his team will fuel a high-quality deal-flow, giving the Group a significant competitive advantage in investing in businesses in the high-growth Indian market.

## 2. Investment Objective and Policy

The Group may invest in both private and public businesses and across the small, mid and large-cap range of companies. It will be sector agnostic but will be careful in managing its exposure to any one sector.

The Group will be a value and growth orientated investor, targeting opportunities in the areas of domestic growth plays, international expansion opportunities and restructuring opportunities, where there is a clear ability for the team to add value by virtue of its network, operating knowledge, ability to secure local licenses, and find high quality management teams where required.

## 3. The Company and the Group

The Company is a new public limited company, incorporated in the Isle of Man. The Group consists of the Company, the Limited Partnership (an English limited partnership) and the Mauritius Companies (companies incorporated in Mauritius with category 1 global business licences). The Company intends to invest in India via the Limited Partnership and the Mauritius Companies.

## 4. Advice and Management

The Manager has agreed to procure investment management services for the Group. The Investment Manager, which is authorised and regulated by the FSA, will be responsible for managing the Group's investments.

The Investment Adviser has been formed to work exclusively with the Group by providing non-binding local investment advice on identifying, structuring, executing, monitoring, managing and exiting from investments. The Investment Adviser's team includes Mohit Burman, P. D. Narang, Arjun Lamba Gagan Ahluwalia and Arun Gupta. The Investment Adviser has close contacts with prominent Indian businesses and families, and the intention is to use these contacts to source investment opportunities for the Group.

## 5. The Placing

The Company's share capital comprises Ordinary Shares. The Placing relates to the Ordinary Shares and Warrants. The Warrants will be allocated to initial placees of the Ordinary Shares in the ratio of one Warrant

for every five Ordinary Shares. Each Warrant will entitle its holder to subscribe for Ordinary Shares at a subscription price of £1.25 (being a 25 per cent. premium to the Placing Price), from 2007 to 2012, within 30 days of the Company's interim unaudited accounts being sent to Shareholders, subject to certain conditions, as set out in Part X – Terms and Conditions of the Warrants of this document. Application has been made for the Ordinary Shares and the Warrants to be admitted to trading on AIM.

The Company has agreed to allocate warrants to Elephant India Limited ("EIL Warrants") in respect of the Burman family's investment, such EIL Warrants being on the same terms and conditions as the Warrants to be issued in connection with the Placing (see section 6 "Co-Investment Arrangement" below).

The Placing is expected to raise £50,000,000 before expenses. The total expenses of the Placing will not exceed three (3) per cent. of the gross Placing proceeds plus £250,000. The total net proceeds of the Placing are estimated to be £48,250,000.

**6. Co-Investment Arrangement**

The Burman family will either invest directly in the Company through the Placing or will co-invest with the Group. In order to regulate this relationship, the Group has entered into a co-investment agreement with Promethean India Finance Pvt. Ltd., being a company controlled by the Burman family. Under the Co-investment Agreement, if the Burman family does not invest directly in the Company the Burman family will be required to co-invest via Promethean India Finance Pvt. Ltd., with the Group, in a specified proportion, acquiring and disposing of investments on the same terms and conditions as the Group. The total initial commitment by the Burman family is expected to be an amount in Rupees equivalent to £7.5 million. If the Burman family does not invest directly in the Company and instead co-invests with the Group, Elephant India Limited (a company incorporated in the British Virgin Islands representing interests associated with Gaurav Burman) will be allocated with such number of warrants as the Burman family would have received if they had invested the same amount that they have agreed to co-invest with the Group, directly in the Company through the Placing. The warrants that Elephant India Limited have conditionally been allocated (the "EIL Warrants") are on and subject to the same terms and conditions as the Warrants issued under the Placing. The terms of this Co-investment Agreement are summarised at section 8 of Part VIII – Additional Information of this document.

Should the Burman family co-invest alongside the Company, the £7.5 million co-investment made via Promethean India Finance Pvt. Ltd. will be subject to the same carried interest and management fees as it would have been had this amount been invested in the share capital of the Company.

**7. Fees, Expenses and Carried Interest**

Annual management and advisory fees will be payable half-yearly in advance, and calculated as the higher of £1 million and two per cent. per annum of the Net Asset Value of the Company as at the previous Valuation Day. These fees will be split between the Manager and the Investment Adviser.

Carried interest will also be borne by the Group on an investment by investment basis. All proceeds received in respect of the disposal of an investment will first be allocated to the Company, until the Company has received an amount equal to the cost of that investment plus an annual IRR of 10 per cent. Proceeds will then be allocated to the Carried Interest Partner until the Carried Interest Partner has received an amount equal to 25 per cent. of the 10 per cent. annual IRR already allocated to the Company. Any further proceeds will be allocated between the Company and the Carried Interest Partner in the ratio 80:20.

20 per cent. of the carried interest due will be paid into an escrow account up to the end of the fifth financial year following Admission, at which point (or earlier under certain circumstances) the carried interest will be subject to adjustment by reference to the IRR of the Company at that time. Please refer to section 13 of Part II of this document for further details of the carried interest.

The Company will bear the expenses of the Placing. The Group will also bear various ongoing expenses, as set out in more detail in section 13 of Part II of this document.

# PART I

# Risk Factors

## 1. Introduction

**Potential investors should carefully consider the risks described below in the light of the information in this Admission Document and their personal circumstances before making any decision to invest in the Company. The investment offered in this Admission Document may not be suitable for all recipients. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If any of the risks described should actually occur, the Company could be materially affected. In such circumstances, the price of the Company's stock may fall and investors could lose all or part of their investment. If potential investors are in any doubt about the action they should take, they should consult a professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The risk factors summarised below are not intended to be exhaustive and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have a material adverse effect upon the Company.**

## 2. General Risks

There can be no guarantee and the Company does not represent or warrant that the investment objectives of the Company will be met, or that investors will receive back any or all of their investment in the Company.

*Identifying and acquiring suitable investments*

The Company and the Group are recently and purposely formed, and have no operating history upon which to evaluate their likely performance. The Group's ability to implement its strategy and achieve its desired returns may be limited by its ability to identify and acquire suitable investments. In addition, the Group may face significant competition in identifying and acquiring suitable investments from other investors, including competitors who may have greater resources. Competition in the investment market may lead to prices for investments identified by the Group as suitable being driven up through competing bids by potential purchasers. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire investments at satisfactory prices and otherwise on satisfactory terms, thereby reducing the Group's potential profits.

*Success of investment strategy not guaranteed*

Returns achieved are reliant upon the performance of the portfolio of the Group and the investment strategy followed by the Investment Manager. The success of the investment strategy depends on the Investment Manager's ability to identify and realise investments in accordance with the Group's investment objective and to correctly interpret market data. Factors which may make it more difficult to buy or sell companies based in India may have an adverse effect on the profitability of the Group and the Company. No assurance is given that the strategy to be used will be successful under all or any market conditions or that the Group will be able to invest its capital on attractive terms and generate returns for investors.

*Borrowings*

The Group may, from time to time, borrow to fund investments or for short term funding purposes. The companies in which the Group invests may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the borrower will be unable to service the interest repayments, or comply with other requirements, rendering it repayable, and the risk that available funds will be insufficient to meet required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions

which are beyond the Group's control) may make it difficult for the Group or its investee companies to obtain new finance on attractive terms or even at all.

*Disposal of investments*

The value of the Company's assets will be determined in accordance with the valuation policies adopted by the Board, as detailed in section 14 of Part II of this document. However, there can be no guarantee that investments will ultimately be realised at any such valuation. Some of the Group's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all. This risk is increased because the Group may invest in unquoted securities, which are generally less liquid.

*Concentration of investments*

The Group may make only a limited number of investments and these may be relatively concentrated, for instance in geographical or sectoral terms. Poor performance by one or more of these investments, or adverse events or sentiments affecting a geographical area or sector in which Group investments are concentrated, could have a significant adverse effect on the returns received by the Group.

*Co-investments*

The Group may not have a controlling interest in some of the co-investment arrangements through which it may own certain of its investments. These investments involve risks that are not present with assets in which the Group owns a controlling interest, including:

- the possibility that co-investors might at any time have economic or other business interests or goals that are inconsistent with the Group's business interests or goals;
- the possibility that co-investors may be in a position to take action contrary to the Group's instructions or requests, or contrary to the Group's policies or objectives;
- the possibility that co-investors may have different objectives from the Group regarding the appropriate timing and pricing of any sale or refinancing of investments; and
- the possibility that co-investors might become bankrupt or insolvent.

Even when the Group has a controlling interest, certain major decisions may require co-investor approval. If the Group is unable to reach or maintain agreement with co-investors in the matters relating to the operation of the investments, its business, financial conditions and results of operation may be materially adversely affected.

*Special situation transactions*

The Group's investment policy includes investing in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganisations, bankruptcies and similar transactions. There exists the risk that the transaction in which such business enterprise is involved will be unsuccessful, take considerable time, or result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. If an anticipated transaction does not in fact occur, or turn out as expected, the Group may be required to sell its investment at a loss.

*Changes in laws or regulations*

Legal and regulatory changes may occur that could adversely affect the returns to the Group and the ability of the Group to successfully pursue its investment strategy, and/or efficiently repatriate any gains, including changes to applicable tax legislation and foreign exchange regulations. The Group's investment strategy is reliant on obtaining certain licences and on certain Indian regulatory permissions (including being able to invest through an FII facility, and certain sectoral caps on investment). There is no guarantee that these will necessarily be available so as to enable the Group to pursue its investment strategy in the manner envisaged in this document.

## 3. Risks relating to the Investment Manager and Investment Adviser

*Reliance on Investment Manager and Investment Adviser*

The Group is reliant on the Investment Manager, which has significant discretion as to the implementation of the Group's investment objectives and policies. In particular, the Group's performance is likely to be dependent on the success of the Investment Manager's investment process. The service provided by the Investment Manager will also be affected by the quality of the advice provided by the Investment Adviser. The loss of one or more members of the Investment Manager's or Investment Adviser's management team, or the termination of the Investment Adviser or Investment Management Agreements, could lead to a material adverse effect on the business, financial condition or results of the Group.

*Fee Structure*

The carried interest payable may result in substantially higher performance fee payments than alternative arrangements in other types of investment vehicles. The existence of such carried interest may create an incentive for the Investment Manager to make riskier or more speculative investments than it would otherwise make in the absence of carried interest.

*Conflicts of interest*

The Directors, the Investment Manager and the Investment Adviser may be subject to conflicts of interests, including in relation to the allocation of investment opportunities. Please refer to Section 11 of Part II of this document for further details on potential conflicts of interests, and how they will be managed.

## 4. Risks relating to investing in India

*Exchange rate risks*

It is likely that the Group's portfolio will comprise predominantly Rupee denominated investments. All monies returned to the Shareholders and the reported Net Asset Value will be denominated in Sterling. Changes in the value of the Rupee against the value of Sterling could have an adverse impact on the performance of the Company. The Group may enter into currency hedging transactions, but is not required or expected to do so, and such transactions have an associated cost that could depress investment returns.

The Group may co-invest with the Burman family and may also agree to co-invest with other investors in a ratio based on a particular Rupee/Sterling exchange rate, so subsequent fluctuations in that exchange rate may affect the proportion of the Group's co-investment from a Sterling perspective.

The Rupee is not freely convertible and approval may be required from Indian governmental authorities for currency exchanges, potentially hampering the Group's ability to remit funds from India.

*Political and country risks*

The value of the Group's investments in or relating to India may be affected by changes in foreign exchange rates and controls, interest rates or government policy, as well as social and civil unrest and other political, economic and other developments in or affecting India or the region. Future political and economic conditions in India may result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Group's investments. Future actions of the Indian central government or the respective India state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions and prices and yields of the Group's investments. The Group does not intend to obtain political risk insurance.

In recent years India has witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that such future events as well as other adverse social, economic or political events in India may adversely affect the value and prospects of the Group's investments.

*Accounting and financial reporting standards*

Accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in India are generally less stringent than those applicable in the United Kingdom. This may make it more difficult to obtain accurate information and carry out effective due diligence on potential investments. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies, which may lead to an increased risk of irregularities.

*Securities exchanges*

The Indian securities' exchanges are less developed than the leading stock markets of the developed world. Trading volumes can be substantially lower so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Prices may also be more volatile. Any significant extension of settlement periods in a sector of the Indian financial markets as a result of unforeseen circumstances may lead to delays in the receipt of proceeds from the sale of securities. It is possible that the Group could miss investment opportunities as a result of the inability of the Group to make intended securities purchases due to settlement problems.

Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Group could make it impossible for the Group to liquidate positions and thereby expose the Group to losses.

The value of the Group's investments may be affected generally by factors affecting the Indian securities' exchanges, such as price and volume volatility in the capital markets, interest rates, changes in policies of the government of India, taxation laws or policies and other political and economic developments, including closure of stock exchanges, which may have an adverse bearing on individual securities, a specific sector, or all sectors including equity and debt markets.

*Government approvals*

The Group may require certain Indian governmental approvals, including approvals from the Securities and Exchange Board of India ("**SEBI**") or the central government, before making certain investments. Any failure or delay in obtaining such approvals could have a detrimental effect on the Group's prospects. In particular, the Group anticipates investing from time to time as a sub-account of an FII. There can be no assurance that approval for this will be granted by SEBI. It has been suggested that the criteria for FII sub-accounts may be changed in the near future, and it is not clear what such changes may entail. If the Group was unable to invest as an FII sub-account, this could have a material adverse effect on the Group's prospects.

**5. Risks relating to the Group's structure**

*Isle of Man incorporation*

The Company is an Isle of Man incorporated company. As a result, the rights of the Shareholders and the Warrantholders will be governed by the law of the Isle of Man and the memorandum and articles of association of the Company. The rights of Shareholders and Warrantholders under the laws of the Isle of Man may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England or the jurisdiction of an investor's residence.

*Regulation in the UK*

The Company is not currently subject to regulation in the United Kingdom, other than under the AIM Rules, which are less demanding than those of the Official List. It is possible that changes may occur in the regulatory environment in which the Company operates, and any such changes may impact on the Company's ability to continue to conduct the activities as detailed herein. Investors should also note that the AIM Rules may be varied in the future, such that AIM is no longer an appropriate market on which to list the Company's Ordinary Shares and Warrants. Although it is hoped that any such revisions to the AIM Rules

or the regulatory environment in which the Company operates will not prejudice the Company, there can be no assurance that this will be the case.

*Taxation*

In order to maintain their non-UK tax resident status, the Company and the Mauritius Companies are required to be controlled and managed outside the United Kingdom. The composition of the Company's and the Mauritius Companies' boards of directors, the place of residence of the individual members of their boards of directors, and the location(s) in which their boards of directors make decisions will be important in determining and maintaining the non-UK tax residence status of the Company and the Mauritius Companies. While the Company is organised in the Isle of Man and the Mauritius Companies are organised in Mauritius, and in each case a majority of the directors live outside the United Kingdom, continued attention must be addressed to ensure that major decisions are not made in the United Kingdom or the Company or the Mauritius Companies may lose their non-UK tax resident status. As such, management errors could potentially lead to the Company or the Mauritius Companies being considered UK tax resident, which would negatively affect the Company's financial and operating results.

Any change in the Company's tax status, the Mauritius Companies' tax status, the double taxation treaty between India and Mauritius or in taxation law or practice in the Isle of Man, the United Kingdom, Mauritius, India or elsewhere could affect the value of the Company's investments and the Company's ability to achieve its investment objective, or alter the post tax returns to Shareholders. Statements in this document concerning taxation are based upon current tax law and practice. These laws and practice are subject to change that could adversely affect the ability of the Company to meet its investment objective.

Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

**6. Risks relating to the Ordinary Shares and Warrants**

Investors will have no right to redeem Ordinary Shares or Warrants. Prior to the end of the Company's life, the only way to realise Ordinary Shares may be by sale in the market.

*Trading on AIM*

An investment in shares traded on AIM is generally perceived to involve a higher degree of risk and be less liquid than an investment in shares listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and Warrants than it would be if the Ordinary Shares and Warrants were listed on the Official List, and he or she may receive less than the amount paid.

*Lack of active market*

It is possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares and the Warrants could be adversely affected.

*Share pricing risks*

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which the Ordinary Shares and the Warrants are quoted and the price which investors may realise for their Ordinary Shares and Warrants will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the quoted investment sector or investment or quoted companies generally and which are outside the Company's control. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares or Warrants, legislative changes, general economic, political or regulatory conditions, or changes in market sentiment towards the Ordinary Shares or Warrants. Any of these events could result in a material decline in the market price of the

Ordinary Shares or Warrants. The market price of the Ordinary Shares may never exceed the exercise price of the Warrants.

**Prospective investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.**

# PART II

## General Information on the Company

### 1. Introduction

Promethean India plc (the "**Company**") is a new public limited company, incorporated in the Isle of Man. The Company intends to generate returns for its Shareholders by investing through the Group in businesses that are established or operating in India, through the utilisation of the knowledge and skills of a highly connected and credible advisory team with a track record of successful investments in India.

The Company's share capital will comprise Ordinary Shares. Application has been made for the Ordinary Shares and the Warrants to be admitted to trading on AIM.

### 2. Investment Rationale

India has one of the fastest growing GDPs in the world, with growing stock and capital markets. (For further details of the Indian market, please refer to Part III of this document.) The Investment Adviser will be headed up by Mohit Burman, who is a member of the family that controls Dabur India Limited, the fourth largest FMCG company in India, and Dabur Pharma Limited, which is the largest oncology focused pharmaceutical company in India. Both are listed on the Bombay Stock Exchange and have a combined market capitalisation of approximately US$1.9 billion. The Burman family also has joint ventures with a number of blue chip institutions such as Fidelity, Aviva and ABN Amro. It is anticipated that the Investment Manager's experience in identifying, structuring, executing and managing investment opportunities together with access to large networks of Indian businesses provided by Mohit Burman and his team will fuel a high-quality deal-flow, giving the Group a significant competitive advantage in investing in businesses in the high-growth Indian market.

### 3. Investment Strategy

The Group will be a value and growth orientated investor, targeting opportunities in the areas below where there is a clear ability for the team to add value by various methods, including by virtue of its network, operating knowledge, ability to secure local licences, and find high quality management where required.

- Domestic growth – the Investment Adviser believes that there is a significant opportunity to invest in companies which are in a position to take advantage of the high-growth Indian domestic market. These investments would be across a broad range of sectors, including, for example, financial services.
- International expansion – the Investment Adviser believes that there are many Indian businesses which are currently domestically focussed but which could become successful international businesses through the competitive advantages that result from factors such as the cheap labour and production costs in India. These investments would be across a broad range of sectors.
- Restructuring – the Investment Adviser believes that there are many Indian businesses which provide excellent opportunities for value creation through operational, corporate or financial restructuring.

The Directors, in accordance with the AIM Rules, will propose a resolution at each annual general meeting of the Company for approval by the shareholders of the Company's investing strategy.

### 4. Investment Policy

The Group may invest in both private and public businesses and across the small, mid and large-cap range of companies. The Group's investments will be non sector-specific but will be careful in managing its exposure to any one sector. Investments will be by way of cash, with shares in the Company not being used as consideration for any acquisitions.

The Group will combine the knowledge of the local Investment Adviser with the investment and structuring skills of the Investment Manager and will look to ensure the following factors are considered before making an investment.

- ***Management*** – the intention is to invest only in opportunities where there is a high quality, well proven management team in place or where a management team has been identified that will drive the investee company going forward and deliver the levels of performance required.
- ***Valuation*** – the Investment Manager and Investment Adviser will look to find opportunities where it is expected that IRRs are likely to be at least 25 per cent. per annum. The Investment Manager and Investment Adviser will identify and evaluate opportunities through the network and credibility of the local team, generating unique and proprietary transactions much like the ones the team has executed over the last decade. Full financial analysis would be done prior to any investment, using professional advisers where it was felt necessary.
- ***Operations*** – there will be a disciplined approach to the due diligence. Extensive research will be done in order to ensure that the operations of the business are acceptable, with an acceptable risk profile, and if there are any issues that these can be addressed post investment.
- ***Exit options*** – the achievability of an exit will be a critical factor, and all exit options will be considered including a trade sale to both domestic and international businesses, or a flotation in India, the US, or the UK.

The Investment Manager will actively manage a concentrated portfolio of investments. The Investment Manager believes that it is better to manage the investments that are made in an active manner and to achieve this a concentrated portfolio is likely. The Investment Manager believes that this has the potential to improve returns and reduce risk.

As a result, it is envisaged that all equity investments would be between £5 million and £35 million, which is expected to give a portfolio of 6 – 10 individual investments being managed at any given time. The Group intends generally to take stakes of a minimum of five per cent. in each portfolio company. It may use leverage in individual investments and it is intended that no more than 25 per cent. of the net assets of the Group will be invested in a single transaction.

The Investment Manager intends to invest at least half the funds raised within the first 12 months. The Group intends to be fully invested within the first 24 months, although there is no fixed period within which the Group is required to make an investment or return funds to shareholders. The Investment Manager believes that in a high growth economy like India it is possible to retain a stake in a business for, and realise value in, the long-term. Although the Group will be focused on getting its initial investment returned to it within 36 months of the date of investment, the Investment Manager believes that if a business is performing well and continuing to create sufficient value then it may be appropriate to hold an investment in that business for more than 36 months.

The Company's target internal rate of return across the portfolio will be a minimum of 25 per cent. per annum. (This is a target, not an estimate or a forecast, and there can be no assurance that it will be achieved.)

## 5. Track Record

### 5.1 *The Investment Manager*

The Investment Manager is currently the investment manager to Promethean plc, an investment vehicle that predominantly targets businesses based in the UK, and has a market capitalisation of approximately £52 million. Promethean plc, which is chaired by Sir Peter Burt (former CEO of the Bank of Scotland), was listed on AIM in June 2005, and since then has made a number of successful investments. The Investment Manager is also a subsidiary of Promethean plc.

5.2 ***The Investment Adviser***

The Investment Adviser is led by Mohit Burman and includes a team of local investment professionals who have been involved in originating, executing and structuring investments in India on behalf of the Burman family for the past decade in some cases. Neither Promethean India plc nor Promethean plc have any ownership stake in the Investment Adviser, although the Investment Adviser will exclusively provide its services to the Group.

The Burman family control Dabur India Limited and Dabur Pharma Limited. Mohit Burman became involved with Dabur India Limited, the Burman family's then main investment in 1996, at a time when the family were involved in the day-to-day management of the business as well as being the controlling shareholder. A decision was taken by the family to hire McKinsey & Co. to carry out a strategic review of the business which resulted in the family relinquishing the executive role in relation to Dabur India Limited to the non-family members of the management team, and the establishment of a family investment business. Since then Mohit (who was the family member primarily responsible for the family investment business) and his team have made a number of investments, which include the following:

- Aviva India, one of the leading life insurance players in India with its products available at over 370 locations and a sales force of over 9,500 individuals. Following the liberalisation of the insurance sector in 2000, Mohit and his team gained one of a limited number of licences and entered into a joint venture in 2002 with the Aviva Group, one of the world's largest insurance groups. The Burman family have invested over $75 million in the venture and own approximately 74 per cent. of the business.

- Vishal Retail, one of India's leading retailers with a chain of 26 stores and strategically positioned as a "value for money" destination targeting the fast growing middle class consumer.

- Fidelity Fund Management India Private Limited ("Fidelity India"). Fidelity established its direct presence in the Indian market by setting up Fidelity India in 2004 as a joint venture with the Burman family. Fidelity India now has four funds. India is now the second largest country for Fidelity in terms of numbers of employees. The company has offices in Mumbai and Delhi, with investment professionals based in each. The Burman family holds 25 per cent. of Fidelity India. This investment was brought to the Burman family through their contacts in Fidelity UK.

- The Lord Krishna Bank ("LKB") was started in 1940 in Kerala by a group of entrepreneurs. Today it has grown rapidly in size and scope, from a local to a national bank, with a network of 111 branches across 11 states and a net worth of Rs.1.6 billion as at 31 March 2005. The Burman family has invested Rs.48.3 million in LKB, resulting in a 6.6 per cent. holding.

- ABN AMRO Securities (India) Private Limited, a joint venture between the Burman family and ABN AMRO Bank, providing equity and debt securities services.

## 6. Investment and Borrowing Restrictions

The Group will only invest in businesses that are established or operating in India or which intend to relocate a substantial part of their operations to India.

The Group will seek to maintain a diversified investment portfolio, and intends not to invest more than 25 per cent. of its Net Asset Value in any one investment. Although the Group intends to acquire a minimum of five per cent. of any investee company, there will be no minimum and no maximum stakes that the Group can have in investee companies. The Group will be permitted to invest in both listed and unlisted companies.

There will be no restrictions on the type of securities and instruments which the Group can invest in, provided that the securities and instruments are related to the businesses in which the Group is permitted to invest. There will be no restrictions adopted on the economic sectors or types of industry that the Group can invest in, although the Group will not invest in collective investment schemes (save for the Group structure itself), or in relation to co-investment arrangements or special purpose vehicles.

The Group will be permitted to borrow for investment or short term funding purposes in amounts of up to 25 per cent. of its Net Asset Value (calculated as at the time of borrowing).

The Group may also use overdraft or other short-term borrowing facilities to provide short-term liquidity, including to meet any fees or expenses payable by the Group.

## 7. Directors

The Directors have overall responsibility for the Company's activities. The Directors are responsible, *inter alia*, for monitoring the performance of and for appointing, supervising, directing, and, if necessary, replacing the Company's service providers.

The Directors recognise the importance of sound corporate governance and the value of the Combined Code, and they will take appropriate measures to ensure that the Company complies with the Combined Code to the extent considered appropriate for a company of its size and nature of business.

The Directors, all of whom are non-executive, are as follows.

*Sir Peter Burt (Chairman) (Age 63)*

Sir Peter Burt started his career with Hewlett Packard in California. Prior to that he was a Thouron scholar at the University of Pennsylvania's Wharton School where he completed an MBA. Sir Peter Burt spent most of his career with Bank of Scotland where he became Chief General Manager and Chairman of the Management Board in 1988, later becoming Group CEO. Following the merger with Halifax he became Deputy Chairman in 2001 of HBOS plc. He retired from HBOS plc in January 2003. He is well known in the business world. He was formerly a non-executive director of Shell Transport and Trading plc, of Royal Dutch Shell plc and is the former non-executive chairman of ITV plc. He is also a non-executive director and chairman of Promethean plc, a former adviser to Apax Partners, and also a director of several other companies.

*Frank Hancock (Age 45)*

Frank Hancock has had around 20 years experience as an emerging markets investment banker in the Middle East, Africa, Eastern Europe, and for the past 11 years, in India. Frank currently heads corporate finance for ABN AMRO in India, where he runs an eight man team that is responsible for the M&A advisory and equity capital markets activities of the bank in that country.

During his 7 years at ABN AMRO, Frank has worked on numerous transactions in the public and private sectors in India. These have included leading the team that advised the government of India on the US$3 bn restructuring of New Delhi and Mumbai airports, numerous other M&A transactions, and many capital markets deals, including the US$500m convertible issue of Housing Development Finance Corporation in July 2005 (the largest ever such issue out of India at that time).

Prior to joining ABN AMRO, Frank worked for 11 years with S.G. Warburg, first of all in its Overseas Advisory department, where he worked on large privatisations and debt restructurings in Poland, Nigeria, Bulgaria, and other emerging markets, and latterly in India, where he ran Warburg's corporate finance business. Before joining S.G. Warburg, Frank worked for 2 years in the Export and Project Finance Department of Morgan Grenfell.

Frank has MAs in Classics from Christ Church, Oxford, and Arabic Studies from Georgetown's School of Foreign Service.

*Elizabeth Tansell (Age 45)*

Elizabeth Tansell is a member of the Institute of Chartered Accountants in England & Wales and has 20 years' experience in the fund administration sector. She joined Rawlinson & Hunter, an international firm of chartered accountants, in 1990 as operations manager for the firm's fund administration business and in 1995 became a partner. On the sale of the business to the board of executors in 1999, Elizabeth was appointed managing director, a role which she continued in until 2004 when assets under administration had grown to approximately US$2.5 billion.

In November 2004 she established Chamberlain Fund Services Limited, a niche, independent third party fund administrator, licensed by the Isle of Man Financial Supervision Commission to conduct investment business. Elizabeth is a director of a number of offshore funds investing in a variety of investment instruments and geographical locations, including Promethean plc. Elizabeth held the office of Chairman of the Isle of Man Fund Management Association in 2003.

*James N. Hauslein (Age 48)*

Mr. Hauslein is currently Managing Director of Hauslein & Company, Inc., a private equity firm and was previously Chairman and Chief Executive Officer of Sunglass Hut International, Inc. From 1987 to 2001 Mr. Hauslein was a principal shareholder and from 1991-2001 served as Chairman of the Board of Sunglass Hut. Sunglass Hut was acquired by an investment group including Mr. Hauslein in 1987, and grew from $23 million in sales in fiscal 1986 to $680 million in fiscal 2000. The Luxottica Group (NYSE: LUX) acquired Sunglass Hut (NASDAQ: RAYS) in April 2001 for over $680 million in cash. As part of his private equity investment Mr. Hauslein served on the Board of Directors of Crunch Fitness (a chain of 18 fitness clubs in 5 states which was acquired by Bally's Total Fitness (NYSE) in December 2001), and currently serves on the Board of Closer Healthcare, Inc, Interstate Connections, Inc, and Freedom Acquisition Holdings, Inc. (AMEX: FRH.U) a $528 million general purpose SPAC.

Mr. Hauslein was previously a partner of the private equity firm of Kidd, Kamm & Company, Inc. Mr. Hauslein received his MBA in 1984, with Distinction, from Cornell University's Johnson Graduate School of Management, and he received a Bachelor of Science Degree, in Chemical Engineering, from Cornell University in May 1981. He is a member of the Advisory Council of the University wide Entrepreneurship and Personal Enterprise program, a member of The Johnson Graduate School of Management Advisory Council, the Engineering College Advisory Council, and the Athletics Advisory Council. Mr. Hauslein is also a member of the Board of Trustees of the Boys Club of New York, a member of The Board of Directors of the Jamestown Foundation (Washington, D.C.), is a Director of the American Swiss Foundation, a member of the Chairman's Council of Conservation International (Washington DC) and is a Trustee of the Pine School (Hobe Sound, Florida). Mr. Hauslein has guest lectured in undergraduate and graduate level programs at Cornell University, and at executive management programs at the J.J. Kellogg Graduate School of Management at Northwestern University and The Wharton School at the University of Pennsylvania. Mr. Hauslein has appeared on a variety of business news programs on CNBC, CNN and Fox News.

*Nick Agarwal (Age 39)*

Nick Agarwal has had around 15 years' experience as an investment banker and investment manager in the United States, Europe and Eastern Europe. Nick currently works at Magnetar Capital, a multi-billion dollar multi-strategy hedge fund, where he originates and executes privately structured credit and equity investments. Prior to joining Magnetar Capital, Nick worked most recently as an investment banker at Banc of America Securities and J.P. Morgan Securities, where he completed numerous leveraged finance, equity capital market and merger and acquisition advisory transactions for private equity firms. Nick has an MBA from Stanford University's Graduate School of Business and a BA in Economics from Amherst College.

In addition, the Board has resolved to ratify the appointment of additional non-executive directors should, in the opinion of the non-executive directors and the Company's nominated adviser (as they may be from time to time), such further appointment be in the best interests of the Company and/or its shareholders.

## 8. Manager and Investment Manager

The Manager has agreed to procure investment management services for the Group under a management agreement, the terms of which are summarised in section 8.2 of Part VIII of this document. The Investment Manager will manage the Group's investments, assisted by advice from the Investment Adviser.

The Investment Manager is required to provide discretionary investment management services to the Mauritius Companies under the Investment Management Agreement. The Investment Manager is also entitled to receive investment advice from the Investment Adviser under the Investment Advisory Agreement.

The Investment Manager is a limited liability partnership, which was incorporated in England and Wales on 31 May 2005. The members of the Investment Manager include Promethean plc, Sir Peter Burt and Gaurav Burman.

The Investment Manager is authorised and regulated by the FSA. The Investment Manager will not be registered under the US Investment Advisers Act of 1940, as amended.

## 9. Investment Adviser

### 9.1 *Introduction*

The Investment Adviser will provide non-binding investment advice to assist the Investment Manager in identifying, structuring, executing, monitoring, managing and exiting from investments.

The Investment Adviser is required to provide investment advice to the Mauritius Companies and to the Investment Manager under the Investment Advisory Agreement.

The Investment Adviser will not be registered under the US Investment Advisers Act of 1940, as amended.

### 9.2 *Executive Team*

*Mohit Burman*

Mohit Burman was born in Calcutta in 1968 and schooled in the UK at Highgate School. In 1989 he attained his Bachelor of Arts degree, completing a double major in Marketing and General Management within the Business Administration and Economics programme at Richmond College. In 1993 he subsequently completed his postgraduate degree in Finance, attaining a Masters of Business Administration from Babson College, Massachusetts.

Moving back to India after his Masters, he took responsibility for Dabur Finance, a non-banking finance company (NBFC) owned by Dabur India Limited. As a director of Dabur Finance he built a leading NBFC specializing in fund and fee based financial activities. Mohit Burman was a key player in the decision to retain McKinsey and Co. to restructure Dabur Finance. At that point it was decided that all the Burman family's new ventures would no longer be conducted through Dabur Finance. The ventures going forward were to be executed through an investment company owned by the Burman family called Dabur Investments Corporation. Mohit led this investment company and has been responsible for a number of joint ventures (Aviva, Fidelity, Bongrain), strategic investments (Punjab Tractor, Lord Krishna Bank), and straight financial investments (Centurion Bank).

Mohit serves on the boards of the following companies: Balsara Home Products, ABN-AMRO Securities, Dabur International, Dabur Exports, Dabur Securities, Dabur Finance and Dabur Investment Corporation.

*P D Narang*

Specialising in finance and accounts, with qualifications from ICWA, ICSI, ICAI and the Institute of Internal Auditors of India, Mr. Narang began his professional career with his own practice for 4 years and then joined Punjab Anand Batteries for a brief period. In 1983 he joined the Dabur group as a management consultant, responsible for streamlining the entire accounts and audit functions of the company. As Dabur Group Director – Corporate Affairs, Mr. Narang is the key person dealing with strategic planning, growth initiatives and corporate governance of the entire Dabur group. Mr. Narang has been one of the key strategists instrumental in steering Dabur India Limited into the US$2 billion market cap league and expanding the Dabur group's interests into other areas such as financial services, insurance and automotives.

Besides his contribution in Dabur India Limited, Mr. Narang has played a major role in expanding the Dabur group's interests in other areas by providing key strategic inputs in negotiations with joint venture partners. Key among these are investments in Aviva Insurance Company India Limited, ABN Amro Securities India Limited, Fidelity Fund Management India Limited, Punjab Tractors Limited,

Joyco Limited (previously GCI, a joint venture with Agrolimen SA) and Excelcia Foods Limited (a joint venture with Nestle SA).

*Arjun Lamba*

Arjun Lamba has been working with Mohit Burman as an independent adviser for the last 3 years. He has worked on recent investments including Punjab Tractor, Vishal Mega Mart and Amforge Industries. Arjun was a partner in a boutique equity advisory firm by the name of Guardian Advisors Pvt. Ltd where he advised his clients (individuals and corporates) on their equity transactions. Prior to that he was a fund manager with Span India Pvt. Ltd, a US$50m equity investment fund based out of Delhi. Previously he worked with the private banking arm of Kotak Securities (the former joint venture with Goldman Sachs).

*Gagan Ahluwalia*

Gagan Ahluwalia is a Principal at Promethean India. Gagan has been working with Mohit since 1998 and was instrumental in the execution of many of the investments the team have made. Gagan is part of the team that negotiated and executed the joint venture with Aviva, Fidelity and was involved in the disinvestments of Joyco and Excelcia foods.

Previous to working with Mohit Burman, Gagan was Manager of Merchant Banking at Dabur Finance, a Non-Banking Finance Company owned by the Burman family and previous to that Gagan was Group Head Merchant Banking at VLS Finance. Gagan has a MBA and a B.Com Hon's from Guru Nanak Dev University.

*Arun Gupta*

Arun has been with the Dabur Group for the last 17 years. He was initially with the Corporate Finance team at Dabur then spent some time as the CFO for Dabur Pharma Ltd before working with Mohit Burman on some of his recent transactions. Arun was also responsible for the implementation of SAP in Dabur Pharma Ltd. Arun is a BCOM Hons from Shri-Ram College in Delhi and is also a member of the Institute of Chartered Accountants of India.

**10. Investment by the Burman Family**

The Burman family has agreed to invest either directly in the Company through the Placing or alongside the Group through a co-investment arrangement with the Group. The initial commitment of the Burman Family is an amount in Rupees equivalent to £7.5 million at Admission.

In order to regulate this relationship, the Group has entered into the Co-investment Agreement with Promethean India Finance Pvt. Ltd., being a company controlled by the Burman family. Under the Co-investment Agreement, if the Burman family does not invest directly in the Company, the Burman family will be required to co-invest via Promethean India Finance Pvt. Ltd. with the Group, in a specified proportion, acquiring and disposing of investments on the same terms and conditions as the Group. If the Burman family does not invest directly in the Company and instead co-invests with the Group, Elephant India Limited (a company incorporated in the British Virgin Islands representing interests associated with Gaurav Burman) will be allocated with such number of warrants as the Burman family would have received if they had invested the same amount that they have agreed to co-invest with the Group, directly in the Company through the Placing. The warrants that Elephant India Limited have conditionally been allocated (the "**EIL Warrants**") are on and subject to the same terms and conditions as the Warrants issued under the Placing. The terms of the Co-investment Agreement are summarised at section 8 of Part VIII (Additional Information) of this document.

Should the Burman family co-invest alongside the Company, the £7.5 million co-investment made via Promethean India Finance Pvt. Ltd. will be subject to the same carried interest and management fees as it would have been had this amount been invested in the share capital of the Company.

## 11. Potential Conflicts of Interest

The Investment Manager may from time to time act for other clients which have a similar or different investment objective and policy to that of the Group. Circumstances may arise where investment opportunities will be available to the Group and which are also suitable for one or more such clients of the Investment Manager. Where a conflict arises in respect of an investment opportunity, the Investment Manager will allocate the opportunity on a basis it considers to be fair.

The Investment Manager has confirmed that it will have regard to its obligations under its agreement with the Group and will otherwise act in a manner that it considers fair, reasonable and equitable, having regard to its obligations to other clients, when potential conflicts of interest arise.

The Group may acquire investments from or sell investments to persons associated with the Investment Adviser or the Investment Manager, thus creating a potential conflict of interest. The Investment Manager will only proceed with such transactions if it considers that the transaction would nevertheless be in the best interests of the Group.

Gaurav Burman (a member of the Investment Manager and a director of the general partner of the Limited Partnership) and Mohit Burman (a principal of the Investment Adviser) are members of the Burman family, who will either invest directly in the Company through the Placing or with whom the Group will co-invest, in accordance with the Co-investment Agreement (as described in section 8 of Part VIII of this document).

## 12. Dividend Policy

The Company intends to pay out all surplus income, after provisions for likely future expenses and investment requirements, as a dividend.

## 13. Fees, Expenses and Carried Interest

13.1 ***Formation and Initial Expenses***

The formation and initial expenses of the Group (as incurred in the formation of the Group and the Placing) will be met by the Company and paid on or around Admission out of the Placing proceeds. Such expenses will be written off in the first year of incorporation and will include fees payable under the Placing Agreement, whereby Insinger shall be entitled to receive a corporate finance fee of £225,000 and a placing commission equal to 3 per cent. of the Placing proceeds from placees they introduce. Fairfax will be entitled to a placing commission equal to £1,750,000 less all other Placing costs (including Insinger's commissions) and, in any event, this fee will not be less than £250,000. These placing commissions may be waived, rebated or passed on, in whole or in part. Registration and admission fees, printing costs, legal fees, accountants' fees and any other applicable expenses will also be payable. In aggregate, the costs and expenses of establishment and the Placing (including the placing commission) will not exceed 3 per cent. of the gross Placing Proceeds plus £250,000.

13.2 ***Investment Management/Advisory Fees***

The Manager will be entitled to a fee for procuring investment management services, payable half-yearly in advance equal to the greater of £1,000,000 per annum or two per cent. per annum of the Net Asset Value of the Company as at the previous Valuation Day less the fee payable to the Investment Adviser, as set out below.

The Investment Adviser will be entitled to an arms length fee, as determined from time to time between the Investment Adviser, the Mauritius Companies and the Investment Manager, which will be deducted from the fee payable to the Manager. If agreement is not reached as to the level of the fee payable to the Investment Adviser then a default fee of US$125,000 per quarter shall apply.

The Manager will be responsible for paying the fees of the Investment Manager.

13.3 ***Carried Interest***

The Carried Interest Partner is entitled to a carried interest, calculated as follows, in respect of net proceeds from the disposal of investments.

- The net proceeds received in respect of an investment (whether by way of dividend, or on a realisation or otherwise) will first be allocated to the Company, until the Company has received an amount equal to the cost of that investment plus an annual IRR of 10 per cent.
- Proceeds will then be allocated to the Carried Interest Partner until the Carried Interest Partner has received an amount equal to 25 per cent. of the 10 per cent. annual IRR already allocated to the Company.
- Any further proceeds will be allocated between the Company and the Carried Interest Partner in the ratio 80:20.

13.4 ***Carried Interest Adjustments***

80 per cent. of any carried interest due prior to the end of the fifth financial year following Admission will be payable to the Carried Interest Partner within 30 days of funds being received on the disposal of an investment. The balance will be paid at the same time into an escrow account invested in money-market funds or other near-cash equivalents (unless otherwise agreed between the Company and the Carried Interest Partner).

At the earliest of: (i) the end of the fifth financial year following Admission; (ii) the date of liquidation of the Company; or (iii) the date of termination of the Investment Management Agreement, the Company's IRR will be calculated based on proceeds realised to that date plus the open market value of the Company's investments at that date (the "**Final IRR**"), together with the total carried interest due ("**TPFD**"), calculated as 20 per cent. of the cumulative gains (provided that the Final IRR exceeds 10 per cent.).

If the amount of the carried interest previously paid to the Carried Interest Partner plus the amount in the escrow account is less than the TPFD, the Carried Interest Partner will be paid the amount in the escrow account plus a further payment from the Group to bring the total carried interest up to the TPFD.

If the amount of the carried interest previously paid to the Carried Interest Partner is less than the TPFD by less than the amount in the escrow account, the Carried Interest Partner will receive a payment from the escrow account to bring total payments to the Carried Interest Partner up to the TPFD. The amount remaining in the escrow account will be retained by the Company.

If the amount of the carried interest previously paid to the Carried Interest Partner is more than the TPFD, or the Final IRR is less than 10 per cent. per annum, the Carried Interest Partner will receive no further payment. The amount in the escrow account will be retained by the Company. However, no clawback of carried interest previously paid will be made.

13.5 ***Other fees and expenses***

The Group will be responsible for all its ongoing transactional, operational and administrative expenses, including the fees and expenses of the Company's nominated adviser, the Administrator and any custodian appointed by the Group, any fees payable to the Directors and any fees payable as a result of completed or aborted transactions.

## 14. Accounting and Valuation Policy

The Net Asset Value of the Company and of each Ordinary Share will be calculated as at each Valuation Day.

The Net Asset Value of the Company will equal the value of its cash, investments and other assets, less its actual and accrued liabilities, including provisions for contingent or projected liabilities. Investments in listed companies will be valued on a mark-to-market basis. Unlisted investments in India will be valued in accordance with the guidelines from time to time of the European Venture Capital Association.

The audited accounts of the Company will be prepared under IFRS. Under IFRS, the Company will prepare an income statement which will disclose revenue and capital results including net investment gains. The annual accounts of the Company will be published with all financials denominated in Sterling.

## 15. Financial Information

The Company has only recently been incorporated and, consequently, it has not published any financial information.

The Company's annual report and consolidated accounts will be prepared up to 31 August in each year and copies of the report and accounts will be sent to Shareholders within the following six months. The first such annual report will cover the period from incorporation to 31 August 2007. Shareholders will also receive an unaudited interim report covering the six month period to the end of 28 February in each year, the first such report covering the period to 28 February 2008, which will be despatched to Shareholders within three months of each such date. Shareholders will be sent updates on the Group's activities as and when appropriate, including reports on any breaches of the investment restrictions and any remedial action taken by the Investment Manager, and details of any suspensions in valuations.

# PART III

## Background to the Indian Opportunity*

**BASIC INFORMATION**

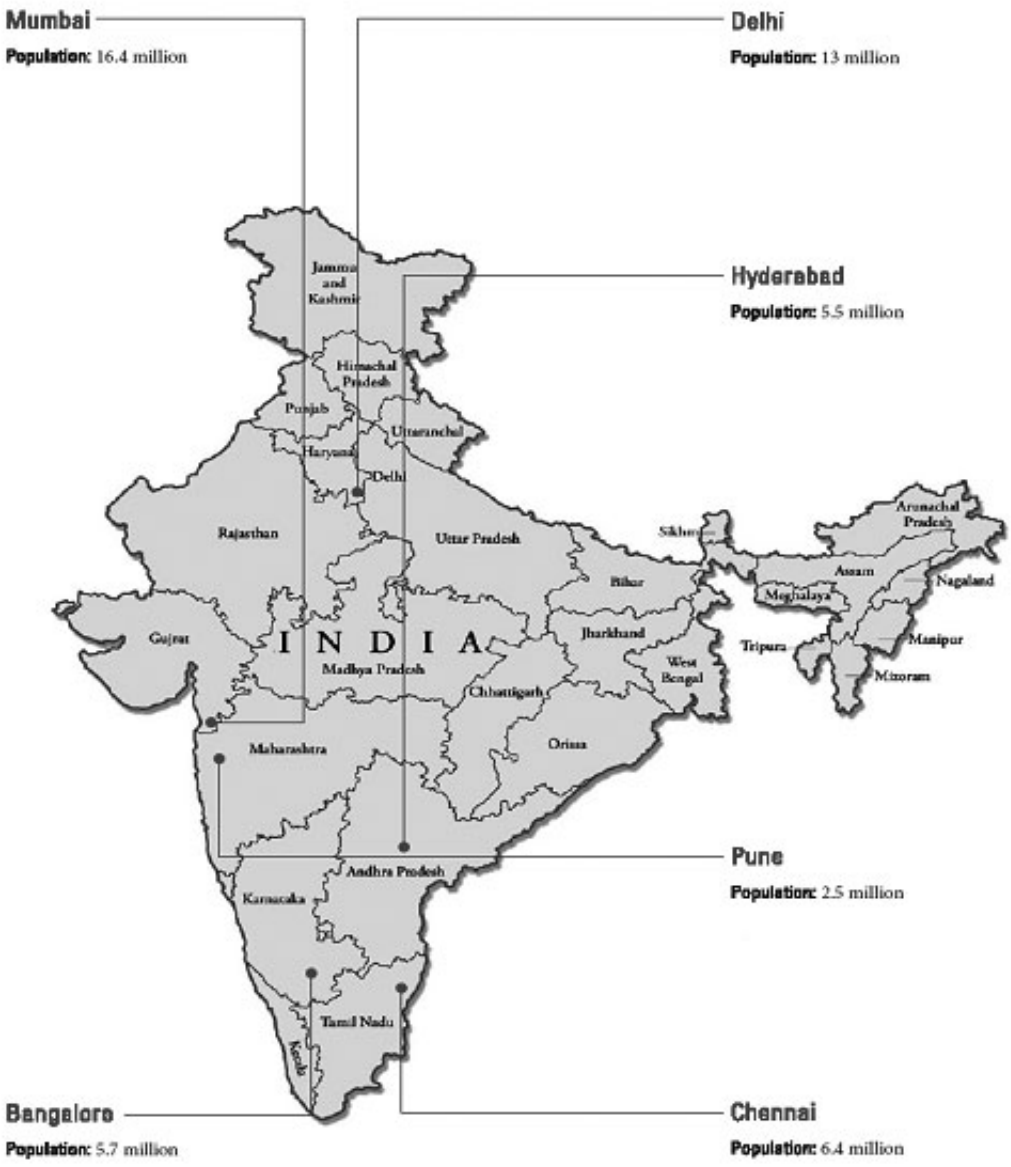
| | |
|---|---|
| **Population** | 1.10 billion (2006 forecast estimate) |
| **Government** | Federal Republic |
| **Currency** | India Rupee |
| **Capital and other main cities** | New Delhi, Mumbai, Bangalore, Hyderabad, Chennai, Kolkata and Ahmadabad |
| **Foreign exchange reserves** | US$155 bn (Apr 2006 estimate) |
| **GDP (PPP)**[†] | Total – US$3.746 trillion (Feb 2006 estimate) |
| **GDP (PPP)** | Per Capita – US$3,419 (Feb 2006 estimate) |
| **Real GDP Growth Rates:** | |
| **2005** | 7.9% |
| **2006** | 7.2% |
| **2007** | 6.5% |
| **2008** | 6.8% |
| **2009** | 6.6% |
| **2010** | 6.5% |
| **Consumer Price Inflation:** | |
| **2005** | 4.2% |
| **2006** | 4.8% |
| **2007** | 3.6% |
| **2008** | 4.4% |
| **2009** | 4.4% |
| **2010** | 4.3% |

[†]purchasing power parity

The country's current population is estimated to be 1,095,351,995 (July 2006 estimate), an increase from the 2001 census which calculated the population to be 1,028,610,328. India is the second most populous country in the world and the world's largest liberal democracy. India's economy is the 12th largest in the world measured in nominal US dollars, but is the fourth largest when measured in terms of purchasing power parity (PPP). The large public sector co-exists with a sizeable and diversified private sector.

India has 28 states and 7 union territories. Hindi is the national language. There are 14 other official languages, and English enjoys associate status.

* The information in this section has been taken from various third party sources including the Financial Times, the Economist, the CIA World Factbook and other sources believed by the Directors to be reliable.




(Map (c) the Economist)

## POLITICAL BACKGROUND

India gained independence in 1947, and is the world's most populous democracy. The prime minister is the head of government, and presides over a Council of Ministers composed of elected members of parliament. The legislature comprises the Rajya Sabha (or upper house), which has 245 members (233 elected by weighted votes of the elected members of parliament and the legislative assemblies of states and union territories, and 12 appointed by the president), and the Lok Sabha (or lower house), which has 545 members (543 elected from single-member constituencies and two representatives of Anglo-Indians appointed by the president). The president is the head of state, and has limited executive power, but can influence the formation of governments when no party has gained an outright majority. The judiciary is constitutionally independent.

The Bharatiya Janata Party (BJP) and the Congress Party are the two main forces in Indian politics but neither commands a clear parliamentary majority. The prevalence of regional parties has meant that coalition governments are the norm and a broad coalition government (the United Progressive Alliance) led by the Indian National Congress is currently in power. The government is headed by Dr. Manmohan Singh, a former finance minister.

## ECONOMY

### General

India is now the fourth largest economy in the world in terms of purchasing power parity (PPP), with a GDP of US$3.75 trillion, and the twelfth largest in nominal (US$ exchange rate) terms. Deutsche Bank has predicted that India could become the third-largest economy in the world by 2020 on a PPP basis. It is predicted that by the end of 2050 India will have a GDP of approximately 60 per cent. of that of the US at market exchange rates. However, its huge population results in a relatively low per capita income of $3,400 at PPP, and hence the country is classified as a developing nation.

India's economy is diverse, ranging from traditional village farming and handicrafts to modern agriculture and a wide range of modern industries, including a burgeoning service sector. 60 per cent. of India's labour force of 496.4 million works in agriculture, 17 per cent. in industry and 23 per cent. in services. Unemployment is at 10 per cent. Although the service sector employs less than one quarter of India's workforce, it accounts for approximately half of its output. Traditionally dependent on agriculture, India is now looking towards knowledge-driven sectors such as information, communications and entertainment and pharmaceuticals. Major industries include textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum and machinery.

In the 1980s, government liberalisation measures, such as privatisation of government industries and reduced tariffs on imported capital goods, have been credited for economic growth rates of around 4 to 7 per cent. annually in the 1990s, nearly double the 3 per cent. growth rates that characterised the previous 40 years.

India has gradually opened up its markets through economic reforms and reducing government controls on foreign trade and investment, although privatisation of public-owned industries and the opening up of certain sectors has proceeded slowly amid political debate. In 2005, the government took steps to liberalise investment in the civil aviation, telecoms and construction sectors. Foreign direct investment in 2005 increased by 13.2 per cent. to around US$6 billion.

Some of the key structural risks facing the Indian economy are perceived to be: industry's dependence on imported oil, agriculture's dependency on the annual monsoon rainfall and the poor state of the country's infrastructure.

### Economic Growth

Since the early 1990s, GDP has grown 4 to 7 per cent. annually, which is higher than GDP growth for the European Union, the United States, or the world as a whole. In recent years, growth rates have jumped to 7-8 per cent., double the slow growth rates during much of the post-war period. For the 2005 fiscal year, Q1 growth in GDP was 8.1 per cent., and 8 per cent. in Q2; comparative figures in the previous fiscal year were 7.6 per cent. and 6.7 per cent. respectively. During the second quarter, the most impressive growth performance (12 per cent.) was within the 'trade, hotels, transport and communication' sub-segment of the services sector, with 'financing, insurance, real estate and other business services' growing at 9.9 per cent. During the same period, the manufacturing sector registered a growth rate of 9.2 per cent. The Indian Central Statistical Organisation has estimated that real GDP growth in 2005/06 will be 8.1 per cent. of GDP, although some other estimates are marginally lower at 7.9 per cent. Such growth is expected to continue, with the current above-trend rates of growth in manufacturing and services expected to ensure that growth will slow only moderately in the forecast period, to 7.2 per cent. in 2006/07 and 6.5 per cent. in 2007/08.

The services sector continues to drive the economy, accounting for almost 50 per cent. of GDP. The Indian software and IT-enabled industry is expected to contribute 20 per cent. of incremental GDP growth between 2002 and 2008. Information technology and IT-enabled services output are predicted to grow rapidly between 2006/07 and 2010/11, owing to India's reputation and cost advantages in these sectors.

To keep the momentum going, the Indian government has recently proposed various policy initiatives, including the promotion and enhancement of foreign direct investment in various sectors that were previously restricted.

**Inflation**

Consumer price inflation in India reached 5.6 per cent. in December 2005, fell to 4.4 per cent. in January 2006, is forecast to average 4.8 per cent. in 2006 as a whole but then is forecast to slow in 2007. Nevertheless, there is a risk that inflation could be higher than forecast, especially if world oil prices fail to fall in 2007 as currently expected.

**Currency and Exchange Rate**

India's monetary unit is the Rupee (Rs). The Rupee has been on a generally appreciating trend since December 2005. Barring severe political disruption or a severe asset price correction, India is predicted to become an increasingly attractive destination for foreign investment, which will continue to support the Rupee. On balance, the Rupee is forecast to appreciate gently from an average of Rs44.1:US$1 in 2005 to Rs43:US$1 in 2006 and Rs42.5:US$1 in 2007.

India has grown its foreign exchange reserves to US$155.196 billion as at 14 April 2006.

**Trade/Current Accounts**

India's negative trade balance has grown steadily since the late 1980s and India's import boom has helped increase the deficit in 2005 to an estimated US$21.6bn (2.7 per cent. of GDP). High oil prices, firm domestic industrial activity and a gradual liberalisation of India's trade regime will ensure that the deficit widens further, to an estimated US$28.4bn (3.3 per cent. of GDP) in 2006. However, services exports are expected to continue to grow strongly as information technology and business-process outsourcing continue to attract Western companies to India. Current transfers are forecast to stay positive, driven by robust growth in remittances from Indian workers overseas.

Between 2003 and 2004, Indian exports performed strongly, up by 31.3 per cent., but imports increased by 40 per cent., largely due to higher international oil prices and demand for industrial inputs and consumer goods. The US is India's largest trading partner, and China is now the second largest market for Indian goods. India's other important trading partners include the European Union, Japan, and the United Arab Emirates.

India is capitalizing on its large numbers of well-educated people skilled in the English language to become a major exporter of software services and software workers.

**Fiscal position**

The state of India's public finances remains one of the main risks to macroeconomic stability. India's consolidated fiscal deficit (comprising the combined deficits of the states and the central government) currently stands at around 8.5 per cent. of GDP.

A buoyant economy helped reduce the federal budget deficit to 4.5 per cent. of GDP for the 2004/05 fiscal year (April-March). The government has set a fiscal deficit target of 4.3 per cent. of GDP for 2005/06. On balance, owing to strong GDP growth, the Economist Intelligence Unit expects the fiscal deficit in 2005/06 to achieve government targets and stand at 4.3 per cent. of GDP. The deficit is expected to reduce to 4 per cent. of GDP in 2006/07 and 3.5 per cent. in 2007/08, as further strong economic growth and higher compliance levels lead to an increase in tax revenue.

**Stock exchanges**

At the end of March 2005 there were 23 recognised stock exchanges in India, including the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and a number of regional stock exchanges. NSE is the largest exchange and accounts for approximately 70 per cent. of trading volume, followed by BSE. The BSE (formerly, The Stock Exchange, Mumbai and popularly called The Bombay Stock Exchange, or BSE) is the oldest stock exchange in Asia, established in 1875. Located in Mumbai, the financial capital of India, the BSE's pivotal and pre-eminent role in the development of the Indian capital market is widely recognized. There were around 4,800 Indian companies listed with the stock exchange as at March 2006. As at March 2006, the market capitalization of the BSE was around Rs. 30 trillion (US $ 679 billion). The BSE SENSEX (SENSitive indEX), also called the BSE 30, is a market index widely used in India and Asia. India had

approximately 9,000 companies listed on its stock exchanges as at the end of March 2005. The combined domestic market capitalization of the BSE and the NSE as at March 2006 was around US$1,309 billion.

On the back of a buoyant economy the Indian stock markets performed well in 2005; the indices gained around 37 per cent. and foreign institutional investors pumped in US$10 billion. Portfolio investors have invested 25 per cent. more cash into the Indian stock market over the past two years than in the preceding 11 years put together, according to Morgan Stanley.

# PART IV

# Placing, Admission and Related Matters

## 1. The Placing and Use of Proceeds

The Placing is expected to raise £50,000,000 before expenses. The total expenses of the Placing are estimated to be £1,750,000, and the total net proceeds of the Placing are estimated to be £48,250,000.

The net proceeds of the Placing will be used to fund investments for the Group in accordance with the investment objective, policy and strategy outlined in this document, and to pay the Group's ongoing ancillary costs.

## 2. Placing Arrangements

The Placing Agent has undertaken to use reasonable endeavours to place up to 50,000,000 Ordinary Shares (with Warrants), as agent for the Company, with investors, at £1.00 per Ordinary Share.

The Warrants will be allocated to initial placees of the Ordinary Shares in the ratio of one Warrant for every five Ordinary Shares subscribed under the Placing. Each Warrant will entitle its holder to subscribe for an Ordinary Share at a subscription price of £1.25 (being a 25 per cent. premium to the Placing Price), within 30 days of the Company's interim unaudited accounts being sent to Shareholders in each of the years from 2007 to 2012, subject to certain conditions, as set out in Part IX of this document. Application has been made for the Ordinary Shares and the Warrants to be admitted to trading on AIM.

Please refer to section 8 of Part VIII of this document for further details of the Placing Agreement, including fees payable under the Placing Agreement.

## 3. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument.

The Articles and the terms and conditions of the Warrants permit the holding of Ordinary Shares and Warrants under the CREST system. The Company has applied for the Ordinary Shares and the Warrants to be admitted to CREST on the date of Admission.

CREST is a voluntary system, and holders of Ordinary Shares or Warrants who wish to receive and retain share or warrant certificates will be able to do so.

## 4. Admission, Settlement and Dealings

Application has been made to the London Stock Exchange for all the Ordinary Shares and Warrants to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares and Warrants will commence at 8.00 a.m. on 25 April 2007 or shortly thereafter.

It is expected that Ordinary Shares and Warrants to be held in uncertificated form will be delivered to the relevant CREST accounts on the day of Admission and that share certificates for the Ordinary Shares and Warrants to be held in certificated form will be despatched within 10 business days of Admission. No temporary documents of title will be issued.

The International Security Identification Number (ISIN) for the Ordinary Shares is GB00B14VJG46, and the ISIN for the Warrants is GB00B17R1N09.

## 5. Lock-in Arrangements

The Directors have undertaken, pursuant to the Placing Agreement save in certain limited circumstances, not to dispose of any of their Ordinary Shares and Warrants for a period of one year from Admission. Please refer to section 8 of Part VIII of this document for further details of the Placing Agreement.

# PART V

# Taxation

## 1. Introduction

The information below, which is of a general nature only and which relates only to United Kingdom, United States, Isle of Man, Indian and Mauritian taxation, is applicable to the Company and the Mauritius Companies and to persons who are resident or ordinarily resident in the United Kingdom or the United States (except where indicated) and who hold Ordinary Shares or Warrants as an investment. It does not apply to brokers, dealers or any other persons who hold Ordinary Shares or Warrants as part of a financial trade.

Although it is based on current law and practice, investors and potential investors should appreciate that as a result of changing law or practice or unfulfilled expectations as to how the Company, entities within the Group or Shareholders will be regarded by tax authorities in different jurisdictions, the tax consequences may be otherwise than as stated below.

**Shareholders should consult their own professional advisers on the possible tax consequences of their subscribing for, purchasing, holding or selling Ordinary Shares or Warrants. There can be no assurance that the tax position or proposed tax position prevailing at the time an investment in the Ordinary Shares or Warrants is made will endure indefinitely. Prospective investors who are in any doubt as to their tax position or require more detailed information than the general outline below should consult their professional advisers.**

## 2. United Kingdom

2.1 ***The Company and the Mauritius Companies***

It is the intention of their respective boards of directors to conduct the affairs of the Company and the Mauritius Companies in such a manner that (i) the central management and control of the Company and the Mauritius Companies is not exercised in the UK so that the Company and the Mauritius Companies are not resident in the UK for taxation purposes and (ii) the Company and the Mauritius Companies do not carry on any trade in the UK (whether or not through a branch or agency situated there).

Provided this is and remains the case, the Company and the Mauritius Companies will not be liable for UK taxation on their capital gains or dividend income.

2.2 ***Investors***

(a) T*axation of Dividends on Ordinary Shares*

UK income tax will arise in respect of dividends received by UK-resident individual Shareholders, other than higher rate taxpayers, at the rate of 10 per cent. A higher rate taxpayer will be liable to income tax on dividends received from the Company (to the extent that, taking the dividend as the top slice of his income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent.

The UK Government has announced that from April 2008 a UK-resident individual will be entitled to a non-payable tax credit of one-ninth of the dividend if he has less than a 10 per cent. shareholding in the distributing company and in total he receives less than £5,000 per year of dividends from non-UK resident companies. For individuals other than higher rate taxpayers, the credit will eliminate their liability to UK tax on the dividend. Higher rate taxpayers will be liable to UK tax at 32.5 per cent. on the dividend plus the credit; the credit will then reduce their net UK liability to 25 per cent. of the dividend (22.5 per cent. of the aggregate of the credit plus the dividend). The Government is also considering whether availability of the non-payable tax credit could be extended to individuals not satisfying the above conditions.

UK-resident Shareholders who are exempt from tax will not be subject to tax on dividends.

UK-resident companies will pay corporation tax on any dividends received from the Company, generally at 30 per cent. (falling to 28 per cent. from 1 April 2008).

(b) *Taxation of Capital Gains*

The Company, as a closed-ended investment company, should not as at the date of this document be treated as an "offshore fund" for the purposes of UK taxation. Accordingly, the provisions of sections 757 to 764 of the Income and Corporation Taxes Act 1988 (the "**Taxes Act**") should not apply. Any gains on disposals by UK-resident or ordinarily resident holders of the Ordinary Shares (including holders which are UK-resident companies) may, depending on their individual circumstances, give rise to a liability to UK taxation on capital gains.

(c) *Stamp Duty and Stamp Duty Reserve Tax*

The following comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules apply.

No Isle of Man or UK stamp duty, or stamp duty reserve tax, will be payable on the issue of the Ordinary Shares or Warrants.

UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer, rounded up where necessary to the nearest £5) is, technically, payable on any instrument of transfer of the Ordinary Shares or Warrants executed within the UK (other than a transfer through CREST), although in practice it is unlikely that such duty would ever (normally) need to be paid. Under current law there is no general obligation to pay stamp duty on such a transfer of shares or warrants in a non-UK company with no UK share register, although an unstamped transfer may not be relied on as evidence in a UK Court or for the purposes of a UK registrar or similar public officer.

Transfers of Ordinary Shares or Warrants effected through CREST will be exempt from stamp duty and not liable to stamp duty reserve tax.

(d) *Other United Kingdom tax considerations*

The attention of Shareholders and Warrantholders who are individuals ordinarily resident in the UK is drawn to the provisions of sections 739 to 745 of the Taxes Act under which the income accruing to the Company or the Mauritius Companies may be attributed to such a Shareholder or Warrantholder, who may (in certain circumstances) be liable to UK income tax on such income whether or not it is distributed to him. However, the provisions do not apply if such Shareholder or Warrantholder can satisfy HM Revenue & Customs that it would not be reasonable to draw the conclusion, from all the circumstances, that the purpose of avoiding liability to UK taxation was the purpose or one of the purposes of his investment in the Company or of any related transaction.

If the majority of the shares (or of the shares and Warrants) in the Company are owned by persons resident in the UK, the legislation relating to controlled foreign companies may apply to any corporate Shareholders or Warrantholders which are resident in the UK. Under these rules, part of any income accruing to the Company or the Mauritius Companies (whether or not distributed) may be attributed to such a Shareholder or Warrantholder (that part corresponding to the Shareholder's or Warrantholder's proportionate interest in the Company or the applicable Mauritius Company), and such Shareholder or Warrantholder may in certain circumstances be chargeable to UK corporation tax thereon. However, this will only apply if the apportionment to that Shareholder or Warrantholder (when aggregated with the apportionment to persons connected or associated with that Shareholder or Warrantholder) is at least 25 per cent. of the Company's relevant profits. Liability will not, moreover, apply in any accounting period in which the Company, or as the case may be, the Mauritius Company, follows an acceptable distribution policy (ie it distributes at least 90 per cent. of the income profits arising in the accounting period, computed on UK corporation tax principles). As it is the Group's policy to distribute most of its income profits, the Company and the Mauritius Companies may satisfy this requirement.

If the Company would be treated as "close" if it were resident in the UK, then part of any chargeable gain accruing to the Company or the Mauritius Companies may be attributed to a UK-resident or ordinarily resident Shareholder or Warrantholder and such Shareholder or Warrantholder may (in certain circumstances) be liable to UK tax on the gain so attributed to him. The part attributed to the Shareholder or Warrantholder corresponds to the Shareholder's proportionate or Warrantholder's interest in the relevant company. This paragraph applies only to UK-resident or ordinarily resident Shareholders or Warrantholders who (if individuals) are domiciled in the UK, and whose interest (when aggregated with that of persons connected with them) in the chargeable gains of the Company or the Mauritius Companies exceeds one-tenth.

**3. Isle of Man**

3.1 ***The Company***

The Company will not pay income tax in the Isle of Man (it will be liable to Isle of Man income tax on its income at the rate of zero per cent.). The Isle of Man does not tax capital gains.

Since the Company's shares will be listed on the Alternative Investment Market, which is a recognised stock exchange, the Isle of Man's distributable profits charge regime will not apply to the Company.

Distribution to shareholders, whether resident in the Isle of Man or elsewhere, will be made free of any Isle of Man withholding taxes.

3.2 ***Investors***

Isle of Man resident investors will be liable to personal income tax in the Isle of Man at their marginal rates of tax (maximum 18 per cent.) in respect of any dividends received. Non-Isle of Man resident investors will have no liability to Isle of Man income tax in respect of dividends received. As earlier indicated, there is no capital gains tax in the Isle of Man on the proceeds of share disposals. Nor is there any form of stamp duty in the Isle of Man in respect of share transfers.

**4. Mauritius**

4.1 ***The Company and The Limited Partnership***

Neither the Company nor the Limited Partnership will be subject to any withholding tax in Mauritius in respect of dividends or interest from the Mauritius Companies, or in respect of proceeds from disposals (including redemptions) of shares in the Mauritius Companies.

4.2 ***The Mauritius Companies***

The Mauritius Companies are registered with the Financial Services Commission in Mauritius as GBC1 companies. The Mauritius Companies have each been issued with a tax residence certificate by the Mauritius Revenue Authority on 27 July 2006, these tax residence certificates will be renewable annually. On this basis, and in view of the manner in which the Mauritius Companies will manage their affairs, each of the Mauritius Companies believes that it will be treated as resident in Mauritius.

Each of the Mauritius Companies will be subject to income tax in Mauritius on its assessable income at the income tax rate of 15 per cent. However, credit for foreign tax is currently available against Mauritian income tax payable. Such credit is the higher of actual tax paid (comprising withholding tax on dividends and underlying tax on the profits of the company out of which the dividends are paid where the shareholding of the Mauritius Company in the payor company is over 5 per cent.), or a deemed credit equal to 80 per cent. of the Mauritian income tax payable on foreign source income in the relevant year. This will result in an effective tax rate on foreign source income of 3 per cent.

Capital gains from disposal of the Mauritius Companies' investments will not be subject to tax in Mauritius.

On the basis that each of the Mauritius Companies holds a tax residence certificate, each of the Mauritius Companies should be entitled to certain relief from Indian tax on capital gains, subject to the continuance of the current terms of the India-Mauritius double tax treaty and subject to the place of

effective management of each of the Mauritius Companies being in Mauritius at all material times. Please refer to the risk factors section at section 5 of Part I of this document.

## 5. India

5.1 ***General***

The discussion of Indian tax matters contained herein is based on existing law, including the provisions of the Indian Income Tax Act, 1961 ("Income Tax Act") and the provisions of the Indo-Mauritius Double Tax Avoidance Agreement ("Treaty"), as of the date of this Memorandum. No assurance can be given that future legislation, administrative rulings or court decisions will not significantly modify the conclusions set forth in this summary.

A Mauritian entity will only be subject to taxation in India (where the applicable corporate taxes under the Income Tax Act will be levied on it) if it is a resident of India or if, as a non-resident, it has an Indian source of income through a permanent establishment or a business connection in India or receives income, including accrued income, in India.

5.2 ***Taxation of the income on investments made by the Mauritius Companies into the portfolio of companies, in India***

The incidence of Indian tax on the income of the Mauritius Companies (companies incorporated in Mauritius with a Category 1 Global Business Licence) will depend upon the provisions of the Income Tax Act, as well as the provisions of the Treaty. The provisions of the Income Tax Act will apply to an investor eligible for Treaty benefits to the extent to which they are more beneficial than the provisions of the Treaty.

The Mauritius Companies' income will constitute either the distribution income received from the portfolio of companies into which the Mauritius Companies shall invest or the profits, if any, from the sale of shares in such Indian portfolio companies.

*Capital Gains*

According to the provisions of the Tax Treaty, capital gains realized by the Mauritius Companies on the sale of shares in the portfolio companies will not be subject to Indian tax.

However, it should be noted that income arising from the sale of shares may be treated as "business income" in India rather than "capital gains". In a ruling issued by the Authority for Advance Rulings in India, gains earned by a private equity fund based in Mauritius were held to be "business income".

If the income of the Mauritius Companies is so classified, then such income will not be subject to Indian tax so long as the Mauritius Companies do not have a permanent establishment in India. If the income from the sale of shares held by the Mauritius Companies is treated as business income, and the Mauritius Companies are held to have a permanent establishment in India, the amount of such income attributable to the operations of the permanent establishment in India would be taxable in India at the rate of 41.82 per cent.

*Dividends*

The receipt of dividend (on which dividend distribution tax ("DDT") has been paid by the portfolio company) does not give rise to taxation for shareholders under the Income Tax Act. Accordingly, any dividends earned by the Mauritius Companies, as shareholders of an Indian portfolio company, would be exempt from Indian tax. However, Indian companies declaring, distributing or paying dividends are required to pay DDT of 14.025 per cent. on the net profit (distributed as dividend) under the Income Tax Act.

*Securities Transaction Tax (STT)*

All transactions entered into on a recognized stock exchange in India will be subject to a STT levied on the transaction value. With respect to the purchases and sales of equity shares and units of an equity-oriented mutual fund, which are settled by actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.125 per cent. on both the buyer and seller of the equity share/unit. For sales

of equity shares and units of an equity oriented-mutual fund, which are settled other than by actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.025 per cent. on the seller of the equity share/unit.

Furthermore, sellers of derivatives would be subject to an STT of 0.017 per cent., while a seller of a unit of an equity-oriented fund to a mutual fund would be subject to STT at the rate of 0.25 per cent. STT can be set off against the income tax liability, calculated in accordance with the provisions of the Income Tax Act, provided that the gains on the transactions are, in fact, treated as business income, and not capital gains.

# PART VI

## Important Information for US Investors

**ERISA Considerations**

Investment in the Ordinary Shares by persons who are subject to Title I of ERISA or Section 4975 of the Internal Revenue Code (the "**Code**") or by any entity whose assets are treated as assets of any such plan could result in severe penalties or other liabilities for the investor, the Company, the Directors and/or the Investment Manager.

Accordingly, Benefit Plan Investors (as defined below) using assets of Plans (as defined below) that are subject to Part 4 of Subtitle B of Title I of ERISA Section 4975 of the Code (including, as applicable, assets of an insurance company general account) or plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to such provisions of ERISA or the Code ("**Similar Laws**") will not be permitted to acquire Ordinary Shares, either part of the initial distribution of the Ordinary Shares or subsequently.

Each investor will be required to represent, or will be deemed to have represented, as applicable, that it is not a Benefit Plan Investor that is using assets of a Plan that is subject to ERISA or Section 4975 of the Code or a plan, an individual retirement account or other arrangement that is subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to Similar Laws.

Each transferee of a Ordinary Share in uncertificated form and admitted to settlement by means of the CREST system, if any, will be deemed to represent and warrant that it is not a Benefit Plan Investor that is subject to ERISA or Section 4975 of the Code or a plan, an individual retirement account or other arrangement that is subject to the prohibited transaction of Section 406 of ERISA or Section 4975 of the Code, or to Similar Laws.

The Company's Articles provide that any Ordinary Share owned by or for the benefit of a Benefit Plan investor that is subject to Title I of ERISA or Section 4975 of the Code will be subject to provisions requiring compulsory transfer or forfeiture of Ordinary Shares as provided for in the Articles.

The term "Benefit Plan Investor" is defined in Section 3(42) of ERISA and includes any (i) "employee benefit plan" (as defined in Section 3(3) of ERISA), whether or not subject to Title I of ERISA, including without limitation governmental plans, foreign pension plans and church plans, (ii) "plan" (as defined in Section 4975(e)(1) of the Code), whether or not subject to Section 4975 of the Code, including without limitation individual retirement accounts and Keogh plans, or (iii) entity whose underlying assets include plan assets by reason of such an employee benefit plan's or plan's investment in such entity, including without limitation, as applicable, an insurance company general account.

**Restrictions on Purchasers and Transferees**

The Company intends to prohibit investors that are subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code from acquiring any Ordinary Shares. Accordingly, Benefit Plan Investors using assets of Plans that arc subject to Title I of ERISA or Section 4975 of the Internal Revenue Code (including, as applicable, assets of an insurance company general account) will not be permitted to acquire the Ordinary Shares and each investor will be required to represent, or will be deemed to have represented, as applicable, that it is not a Benefit Plan Investor that is using assets of a Plan that is subject to ERISA or Section 4975 of the Internal Revenue Code. Each purchaser of an Ordinary Shares admitted to settlement by means of the CREST system, if any, will be deemed to represent and warrant that it is not a Benefit Plan Investor that is using assets of a Plan that is subject to ERISA or Section 4975 of the Internal Revenue Code. In addition, the Company's Articles provide that any Ordinary Shares owned by or on behalf of a Benefit Plan Investor that is subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Internal Revenue Code will be subject to provisions requiring compulsory transfer or forfeiture of Ordinary Shares as provided for in the

Articles. Any Shareholder who becomes aware that it is, or is using assets of, a pension or other benefit plan subject to Part 4 of Subtitle B of Title I of ERISA or Section 4975 of the Code or any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, is required forthwith either to transfer his Ordinary Shares (in accordance with the restrictions described elsewhere herein) to a transferee that is not, and is not using assets of, any such plan, or to request the Directors in writing to exercise their powers under the Articles.

**Special Considerations Applicable to Insurance Company General Accounts**

Any purchaser that is an insurance company using the assets of an insurance company general account should note that pursuant to regulations issued pursuant to Section 401(c) of ERISA assets of an insurance company general account will not be treated as "plan assets" for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Internal Revenue Code to the extent such assets relate to contracts issued to employee benefit plans on or before 31 December 1998 and the insurer satisfies various conditions. The plan asset status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets are treated as the plan assets of any such plan invested in a separate account.

**Eligible Investors**

The Ordinary Shares and Warrants are being offered (i) in the United States, to, or for the accounting benefit of, US persons (as defined in Regulation S) who are persons reasonably believed to be Qualified Institutional Buyers that are also Qualified Purchasers, each of which has executed a certificate in the form of Annex A to this document, in a transaction meeting the requirements of Rule 144A or another applicable exemption from the registration requirements of the Securities Act and (ii) outside the United States to investors that are not US persons or persons acquiring for the account or benefit of US persons, each of which has executed a certificate in the form of Annex B to this document, in offshore transactions in reliance on Regulation S. An initial purchaser of the Ordinary Shares that is located in the United States or that is a US person may only sell, transfer, assign, pledge, or otherwise dispose of its Ordinary Shares in compliance with the Securities Act and other applicable securities laws (a) within the United States to a person whom the seller reasonably believes is a Qualified Institutional Buyer that is also a Qualified Purchaser and who, prior to any such transaction, executes a certificate in the form of Annex A to this document and delivers such certificate to the Company or (b) outside the United States in an offshore transaction complying with the provisions of Rule 903 and Rule 904 of Regulation S (including, for the avoidance of doubt, a *bona fide* sale on AIM). Warrants may only be exercised in accordance with a valid exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See further "Part IX – Terms and Conditions of the Placing – Selling Restrictions – United States".

# PART VII

## A. Accountants' Report on the historical financial information on Promethean India plc

The Directors
Promethean India plc
3rd Floor, Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

19 April 2007

Dear Sirs

**PROMETHEAN INDIA PLC (THE "COMPANY")**

### INTRODUCTION

We report on the financial information set out in paragraphs 1 to 8 of Part VII.B of this document. This financial information has been prepared for inclusion in the AIM admission document dated 19 April 2007 of the Company (the "AIM Admission Document"), on the basis of the accounting policies set out in note 2. This report is required by paragraph 20.1 of Annex 1 of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

### RESPONSIBILITIES

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report, required by and given solely for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"). Such financial information is the responsibility of the directors of the Company who approve its issue.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

### BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

**OPINION**

In our opinion, the financial information set out in paragraphs 1 to 8 of Part VII.B of the AIM Admission Document gives, for the purposes of the AIM Admission Document dated 19 April 2007, a true and fair view of the state of affairs of the Company as at 18 April 2007 in accordance with the basis of preparation set out in note to the financial information and in accordance with IFRS.

**DECLARATION**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration may be included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

## B. Historical Financial Information on Promethean India plc ("The Company")

### 1 Introduction

The financial information on Promethean India plc, which has been prepared solely for the purpose of the Admission Document, contained herein does not constitute audited accounts prepared in accordance with the Companies Act 1982 of the Isle of Man.

### 2 Basis of preparation

The financial information set out below is based on the transactions of the Company from incorporation on 16 May 2006 to 18 April 2007, being the day before the date of this report.

This information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards, including International Accounting Standards ("IAS") and Interpretations (collectively "IFRS") published by the International Accounting Standards Board ("IASB").

### 3 Responsibility

The Directors of the Company are responsible for the financial information and the contents of the Admission Document in which it is included.

### 4 Financial information

The Company was incorporated in the Isle of Man on 16 May 2006 as Promethean India plc.

The Company has not yet completed its first accounting period and has not traded from the date of its incorporation until 18 April 2007, hence no profit and loss account has been prepared. No financial statements have been prepared, audited or filed since incorporation.

**Balance sheet at 18 April 2007**

| | *Note* | *18 April 2007* £ |
|---|---|---|
| **Current assets** | | |
| Trade and other receivables | 5 | 0.02 |
| | | 0.02 |
| **Total assets** | | 0.02 |
| **Equity** | | |
| Called up share capital | 6 | 0.02 |
| **Total equity** | | 0.02 |

### 5 Trade and other receivables

| | *18 April 2007* £ |
|---|---|
| Unpaid share capital | 0.02 |

### 6 Share capital

As at 18 April 2007, the Company has carried out no trading and the only transactions of the Company have been as follows:

- At the date of incorporation the Company had an authorised share capital of £3,000,000 divided into 300,000,000 Ordinary Shares of 1 pence each.

- At incorporation two such Ordinary Shares were subscribed, nil paid, by the subscribers to the Memorandum of Association.
- The two subscriber shares have been paid up and transferred to Michael Burt and Gaurav Burman.

The authorised and issued share capital of the Company immediately following the Placing will be as follows:

| | *Authorised* | | *Issued* | |
|---|---|---|---|---|
| | *No. of shares* | *Amount (£)* | *No. of shares* | *Amount (£)* |
| Ordinary shares | 300,000,000 | 3,000,000 | 50,000,000 | 500,000 |

Save as disclosed in the AIM Admission Document, the Company has not entered into any material contracts at 18 April 2007.

## 7 Subsidiary undertakings

*The Limited Partnership*

Under a limited partnership agreement dated 19 April 2007 between the Company, Promethean Investments (Carry) Limited and Promethean Investments (General Partner) Limited (the "Limited Partnership Agreement"), the Company has agreed to become a Limited Partner in Promethean India L.P, an English limited partnership (the "Limited Partnership"). The Company has agreed to invest such amount as is equal to the net proceeds of the Placing in the Limited Partnership, at such times and less such amounts as the Directors may determine.

Further detail on the Limited Partnership Agreement is given in section 8 of Part VIII of this document.

As at today's date, the Limited Partnership has carried out no trading save for the acquisition of the Mauritius Companies.

*The Mauritius Companies*

On 18 April 2007 the entire issued share capital of both Promethean India Investments Fund 1 and Promethean India Investments Fund 2 (the "Mauritius Companies") were acquired by the Limited Partnership for a total consideration of US$100 for each fund.

The Mauritius Companies are incorporated in Mauritius with Category 1 Global Business Licences and, as at 18 April 2007, neither company has carried out any trading.

## 8 Post balance sheet events

*Warrants*

The Company has conditionally agreed to allocate 1,500,000 EIL Warrants to Elephant India Limited, a company incorporated in the British Virgin Islands representing interests associated with Gaurav Burman. The EIL Warrants will be allocated to Elephant India Limited if the Burman family do not invest directly in the Company pursuant to the Placing and instead invest alongside the Group pursuant to the co-investment arrangements contemplated in the Co-investment Agreement. Details of the Co-investment Agreement are provided in Section 8.11 of Part VIII of this document.

The EIL Warrants are subject to the same terms and conditions as the Warrants issued under the Placing. The terms and conditions of the Warrants are provided in Part X of this document.

# PART VIII

# Additional Information

## 1. Responsibility Statement

The Company and the Directors, whose names appear in section 7 of Part II of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## 2. The Company and the Group

The Group consists of the Company, the Limited Partnership and the Mauritius Companies. The Company will invest through the Limited Partnership into the Mauritius Companies, which will in turn invest into India.

2.1 ***The Company***

The Company was incorporated with limited liability in the Isle of Man as a public company limited by shares under the Law with registered number 116518C on 16 May 2006. The Company has no fixed life.

The Company's registered office and principal place of business is at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD (telephone number 01624 641560).

2.2 ***The Limited Partnership***

The Company is a limited partner in the Limited Partnership (which is registered as an English limited partnership). The other members of the Limited Partnership are the General Partner and the Carried Interest Partner (both wholly owned subsidiaries of Promethean plc).

The Limited Partnership is governed by a limited partnership agreement, details of which are set out at section 8 of Part VIII of this document. The Limited Partnership will be operated by the Investment Manager under an operator agreement, details of which are set out at section 8 of Part VIII of this document.

2.3 ***The Mauritius Companies***

The Mauritius Companies are registered with the Financial Services Commission in Mauritius as GBC1 companies. It is anticipated that one of the Mauritius Companies will generally invest through an FII facility while the other Mauritius Company is generally expected to invest directly into India.

## 3. Share Capital

The Company was incorporated with an authorised share capital of £3 million divided into 300 million ordinary shares of 1 pence each ("**Ordinary Shares**"). At incorporation, two Ordinary Shares were subscribed, nil paid, by the subscribers to the Memorandum of Association. These subscriber shares have been paid up and transferred to Michael Burt and Gaurav Burman.

The authorised share capital and the maximum issued share capital of the Company (all of which will be fully paid-up) immediately following the Placing will be as follows:

| | *Authorised* | | *Issued* | |
|---|---|---|---|---|
| | *No. of Shares* | *Amount (£)* | *No. of Shares* | *Amount (£)* |
| Ordinary Shares | 300,000,000 | 3,000,000 | 50,000,000 | 500,000 |

Save pursuant to the Placing, since the date of the Company's incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, and save as disclosed in this document no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital and no person has been or is entitled to be given an option to subscribe for any shares or debentures of the Company.

The Warrants have been constituted by a separate deed poll of the Company dated 19 April 2007. The EIL Warrants have been constituted by a separate deed poll of the Company dated 19 April 2007.

It is expected that the Ordinary Shares to be issued pursuant to the Placing will be issued pursuant to a resolution of the Board on 19 April 2007.

The Articles authorise the Directors to allot Ordinary Shares up to the authorised share capital.

A special resolution of the Company, expressed to take effect on completion of the Placing and expiring on the earlier of the next annual general meeting of the Company and the date eighteen months after the date of the special resolution, has been passed granting the Company authority to make market purchases of up to fifty per cent. of the number of issued Ordinary Shares.

Neither the Company's Articles nor Isle of Man companies' legislation confer on Shareholders any rights of pre-emption in respect of the allotment of equity securities.

The Company's share capital does not include any founders, management or deferred shares.

Under the Law, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares, and then it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Law must, in general, be the same as the consideration that was available under the takeover offer.

## 4. Memorandum and Articles of Association

### 4.1 *Memorandum of Association*

The Companies Act 1986 (the "**1986 Act**") of the Isle of Man removed the need for the objects of a company incorporated in the Isle of Man after 1 June 1988 to be set out in the Memorandum of Association of the company by providing that the company has the capacity and the rights, powers and privileges of an individual, subject to the 1986 Act (including pursuant to the 1986 Act any restrictions in the Memorandum of Association of the company).

As the Company is a company which was incorporated in the Isle of Man after 1 June 1988, the objects of the Company are not set out in the Memorandum of Association of the Company. Pursuant to the 1986 Act, however, the Company has the capacity and, subject to the 1986 Act, the rights, powers and privileges of an individual.

Clause 4 of the Memorandum of Association of the Company provides that there are no restrictions on the exercise of the rights, powers and privileges of the Company, save for any which may be decided upon by special resolution of the Company in accordance with Section 6 of the 1986 Act.

### 4.2 *Articles of Association*

The Articles contain, *inter alia*, provisions to the following effect.

(a) *Votes of Members*

The Shareholders have the right to receive notice of, and to attend, general meetings of the Company. Subject to the restrictions referred to below and subject to any special rights or restrictions for the time being attached to any class of shares, every holder of Ordinary Shares who

is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held.

(b) *Restrictions on Voting*

(i) A member of the Company shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by him in respect of that share have been paid.

(ii) A member of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholder interests and given under Article 77 of the Articles (see (f) below) within such reasonable time as may be specified in such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

(c) *Variation of Rights*

The special rights attached to any class of shares may (unless otherwise provided by the terms of the issue) be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall constitute a quorum). Every holder of shares of the class concerned shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the holders of any shares or class of shares issued shall not be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith (save as to the date from which such new shares shall rank for dividend) or the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the Company's shares as set out in the Articles or by the reduction of capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the Law and the Articles.

(d) *Capital entitlement*

On a winding up, the holders of the Ordinary Shares shall be entitled, *pro rata* to their holdings, to all the assets of the Company available for distribution to shareholders.

(e) *Issue of shares*

(i) Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine and, subject to and in default of such resolution, as the Board may determine.

(ii) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine provided that no share be issued at a discount.

(iii) The Company may on any issue of shares pay such brokerages and/or commissions as may be fixed by the Board and disclosed in accordance with the Law.

(iv) No person shall be recognised by the Company as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.

(f) *Members' Interests*

If a member at any time holds shares in the Company equal to or in excess of 3 per cent. of the Company's total share capital, such member must notify the Company. This notification obligation extends to persons otherwise interested in a similar level of shareholding or to persons aware of any other person being so interested.

The Company may also serve notice on any person it reasonably believes to be, or have been, interested in the shares of the Company, requiring confirmation, within a reasonable period of time as determined by the Company which is not less than 14 days, of various information as to past or present interests in the Company's shares in the preceding three years. If any member or person interested in shares of the Company is in default in supplying to the Company the information required by the Company within the prescribed period, unless the Board determines otherwise, the member or person otherwise interested in the shares shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned, any dividends payable on such shares will be retained by the Company (without interest) and no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

(g) *Uncertificated Shares*

The Articles are consistent with CREST membership and, *inter alia*, allow for the holding and transfer of shares in uncertificated form.

(h) *Transfer of Shares*

If the Directors determine that the shares may be held in certificated form, the following shall apply to the transfer of shares held in such form: subject as provided below, any member may transfer all or any of his shares by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of shares unless the instrument of transfer is lodged at the registered office (or such other place as the Directors may from time to time determine) accompanied by the relevant share certificate(s) and such other evidence and documents as the Directors may reasonably require to show the right of the transferor to make the transfer and to comply with money laundering compliance and similar matters. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien, provided that this would not prevent dealings from taking place on an open and proper basis.

Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Company's register of members as the holder of the share.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year provided that this would not prevent dealings from taking place on an open and proper basis.

(i) *Prohibited Persons*

The Company may refuse to register a share transfer to a Prohibited Person, or may sell or transfer as it sees fit any Ordinary Shares which it believes are or may be held by a Prohibited Person.

(j) *Alteration of Capital and Purchase of Shares*

The Company may from time to time by ordinary resolution increase its authorised share capital by such sum to be divided into shares of such amount as the resolution may prescribe.

The Company may from time to time, subject to the provisions of the Law, purchase its own shares in any manner authorised by the Law.

The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum; and cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly.

The Company may by special resolution reduce its share capital, any redemption reserve or any share premium account in any manner permitted by and with and subject to any consent required by the Law.

(k) *Interests of Directors*

(i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Company).

(ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

1. the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;

2. the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

3. a contract, arrangement, transaction or proposal concerning the offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;

4. a matter relating to another company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the UK Companies Act 1985) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;

5. any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or

6. any proposal for the purchase or maintenance of insurance for the benefit of the Directors or persons including the Directors.

(iii) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

(l) *Remuneration and Appointment of Directors*

(i) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £180,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

(ii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

(iii) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall be eligible for re-election at the next annual general meeting following his appointment. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.

(iv) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any such contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.

(v) Each Director (other than an alternate Director) may by notice in writing under his hand delivered to the secretary of the Company at the registered office of the Company, or at a meeting of the Directors, or in any other manner approved by the Board, appoint any other Director or any person approved for that purpose by the Board and willing to act to be his alternate and may in like manner remove from office an alternate director so appointed by him. No person who is resident in the United Kingdom may be appointed as an alternate Director unless his appointor is also so resident.

(m) *Retirement, Disqualification and Removal of Directors*

(i) There is no obligation on the Directors to retire by rotation.

(ii) A Director shall not be required to hold any qualification shares.

(iii) There is no age limit at which a Director is required to retire.

(iv) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself without permission from meetings of the Board for three consecutive Board meetings and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting shall declare that he shall cease to be a director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

(n) *Dividends*

(i) Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.

(ii) The Directors may if they think fit from time to time pay the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

(iii) All dividends unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. No dividends shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall (if the Board so resolves) be forfeited and shall revert to the Company.

(iv) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

(o) *Borrowing Restrictions*

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt liability or obligation of the Company or of any third party.

## 5. Directors' and other interests

5.1 There are no interests (beneficial or otherwise) held by the Directors or their immediate families and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, there are no persons connected with them (within the meaning of section 346 of the Companies Act 1985 of England and Wales) which if the connected person were a Director would otherwise be disclosed pursuant to this paragraph, in the share capital of the Company as at the date of this document and on Admission.

5.2 The Company is aware of the following persons who at the date of this document have, or who are expected following Admission to have, an interest in three per cent. or more of the issued share capital of the Company:

| | | *Following Admission* | |
|---|---|---|---|
| *Interested Person* | *Number of Warrants* | *Number of Ordinary Shares* | *Percentage of issued share capital** |
| Promethean Investments (General Partner) Limited | 1,999,999 | 9,999,999 | 19.99% |
| Allsec Nominees Limited | 1,500,000 | 7,500,000 | 15.00% |
| Vidacus Nominees Limited | 1,068,960 | 8,044,800 | 16.09% |
| Bank Leumi (Switzerland) | 600,000 | 3,000,000 | 6.00% |
| Ramot Capital LLC | 400,000 | 2,000,000 | 4.00% |
| EGI-Private Equity II, L.L.C. | 1,500,000 | 7,500,000 | 15.00% |
| NCB Broking Nominees | 400,000 | 2,000,000 | 4.00% |

5.3 Save as disclosed above, the Company is not aware of any person who will, immediately following Admission, be interested directly or indirectly in three per cent. or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

5.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

5.5 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

5.6 The persons, including the Directors, referred to in this section 5, do not have voting rights in respect of the share capital at the Company (issued or to be issued) which differ from any other shareholder of the Company.

5.7 None of the Directors:

(a) has any unspent convictions in relation to indictable offices;

(b) has been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies);

(c) has been a director of a company at the time of, or within the 12 months preceding the date of that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;

(d) has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership;

(e) has at any time been the subject of a receivership in respect of any of their assets;

(f) is or has been bankrupt nor made at any time an individual voluntary arrangement; or

(g) is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.8 There are no outstanding loans granted by any member of the Group to any of the Directors, nor has any guarantee been provided by any member of the Group for their benefit.

5.9 No Director has a service contract with the Company, nor are any such contracts proposed.

5.10 No remuneration has been paid (including benefits in kind) to the Directors up to the date of this document. It is estimated that the aggregate remuneration and benefits in kind payable to the Directors by members of the Group in respect of the current financial year under the arrangements in force at the date of this document will be approximately £125,000.

5.11 Sir Peter Burt, and Elizabeth Tansell, who are both Directors, are also directors of Promethean plc. The Manager, which will receive fees from the Group, is a subsidiary of Promethean plc. The Investment Manager, which will provide investment management services for the Group and which will receive fees from the Manager, is also a subsidiary of Promethean plc. Sir Peter Burt is a member of the Investment Manager.

5.12 Elizabeth Tansell who is a Director, is also a principal of Chamberlain Fund Services Limited, which will receive fees from the Company and the Limited Partnership for providing administration services. Elizabeth Tansell, along with Keith Corkill (a member of the Investment Manager), are also directors of the Manager.

5.13 The Directors currently hold, or have during the five years preceding the date of this document held, the following directorships or partnerships:

***Sir Peter Burt***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| Gleacher Shacklock LLP | Dyslexia Scotland |
| Promethean plc | Edinburgh International Festival Limited |
| Promethean Investments LLP | Edinburgh International Festival Society |
| Templeton Emerging Investment Trust plc | Edinburgh Festival Centre Limited |
| West End Media Partnership | Gleacher Shacklock UK Limited |
| | Governor & Company of the Bank of Scotland |
| | Halifax plc |
| | Halifax Group Limited |
| | HBOS plc |
| | HBOS Treasury Services plc |
| | HCEG Limited |
| | ITV plc |
| | R&A Trust Company (No. 1) Limited |
| | R&A Trust Company (No. 2) Limited |
| | Royal Dutch Shell plc |
| | Sainsbury's Bank plc |
| | The Honourable Company of Edinburgh Golfers Limited |
| | The Shell Transport and Trading Company plc |

***Frank Hancock***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| None | None |

***Elizabeth Tansell***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| Advance Advertising Network Limited | AIB Govett Management (I.O.M.) Limited |
| BET Capital Partners Limited | Aitchison & Colegrave International Portfolio Fund Limited |
| BET SPV Limited | API Global Assetbuilder Fund PLC |
| BOF Managers Limited | Aries Nominees Limited |
| Chamberlain Fund Services Limited | Arif Limited |
| CIG Holdings Limited | Bank of Ireland Unit Managers (IOM) Limited |
| Deutsche Land Plc | Barvest Limited |
| D. L. Limited | Belmont Enhanced Return PLC |
| Dolphin Fund PLC | Belmont Global Select Strategies PLC |
| Emerald Equity Company PLC | Belmont Market Neutral PLC |
| Factoring Investment Limited | Bervest (GP) Limited |
| Fortaleza Investments PLC | BoE International Asset Management (IOM) Limited |
| GL Media Holding Limited | BoE International Fund Managers Limited |
| Medranow Limited | BoE International Fund Services Limited |
| MFG Diversified Strategy Fund Plc | BoE International Holdings Limited |
| Mint Capital Limited | BoE International Market Neutral Fund PLC |
| Mint G.P. Limited | BoE International MultiFund PLC |
| Prestige Investment Portfolio PLC | BoE International Portfolio Services Limited |
| Promethean plc | BoE Life International Limited |
| Promethean 2 Limited | BoE Protected Equity Fund Limited |
| RAB Multi Strategy Enhanced Fund PLC | BoE Trust Co Limited |
| RAB Multi Strategy Fund PLC | BoE Ventures Limited |
| RAB Multi Strategy Investments Limited | |
| RAB External Managers Enhanced Fund PLC | |

***Elizabeth Tansell (continued)***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| R. K. Corkill & Co. Limited | Cairnkinna Limited |
| Smartway Isle of Man Limited | Castlerock Fund PLC |
| STAS Limited | Dunsforth Limited |
| Troika General Partner Limited | European Masters Fund PLC |
| Westhead Limited | European Masters Investments Limited |
| Wire Holdings Plc | Hobart Investments Limited |
| Unitech Hotels Limited | Hobart Property Limited |
| | Hungarian Agricultural and Real Estate Fund Limited |
| | Irish Permanent Fund Managers (IOM) Limited |
| | Irish Permanent International Funds P.L.C. |
| | Kent Investments Limited |
| | Laxey Investors Limited |
| | Libra Nominees Limited |
| | Lichfield Investments Limited |
| | London & Capital Satellites Fund Management Limited |
| | London & Capital Satellites Limited |
| | Lupus Solus Limited |
| | Masters Management Limited |
| | Oriental Development Company Limited |
| | Pictet (Isle of Man) Limited |
| | Quadrant International Management (IOM) Limited |
| | Quadrant Managed International Funds PLC |
| | Rawlinson & Hunter, Isle of Man |
| | RHR (Isle of Man) Limited |
| | RHR Nominees Limited |
| | Ribblesdale Limited |
| | Stafford Investments P.L.C. |
| | Stenham Management Services Limited |
| | Sterling London Properties Limited |
| | Sterling London Property Managers Limited |
| | Sterling Property Fund PLC |
| | Sussex Investments Limited |
| | Symphony Fund Plc |
| | The Traded Endowment Fund P.L.C. |
| | The Value Catalyst Fund Limited |
| | Trans Global Strategists Limited |
| | Tudhope Limited |
| | Ulster Bank Global Funds PLC |
| | United Sun Pacific International Fund PLC |
| | Woodbourne Secretaries (Isle of Man) Limited |

***James Hauslein***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| Freedom Acquisition Holdings, Inc. | None |
| Closer Healthcare, Inc. | |
| Interstate Connections, Inc. | |
| Hauslein & Company, Inc. | |

***Nick Agarwal***

| *Current Directorships and Partnerships* | *Past Directorships and Partnerships* |
|---|---|
| None | None |

## 6. Administration

The Administrator will provide administration services to the Company, under the terms of the Administration Agreement, and to the Limited Partnership under the terms of a further administration agreement. Please refer to section 8 of this Part VIII for further details of these agreements.

Fidelity Trust Limited (a company incorporated in Mauritius) will provide administration services to the Mauritius Companies. Please refer to section 8 of this Part VIII for further details of the agreements between the Mauritius Companies and Fidelity Trust Limited.

## 7. Custody

It is anticipated that custody services in relation to FII investments will be arranged by the FII provider to the Mauritius Companies, which is initially expected to be Credo Capital plc. It is anticipated that such custody services will be provided by ICICI Bank Limited.

The Mauritius Companies may enter into other custody arrangements in the future, including in relation to FDI investments, if this is considered necessary or desirable.

The shares of the Mauritian companies issued to the Limited Partnership will be in registered form and no share certificates issued.

## 8. Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group and which are, or may be, material.

8.1 ***Placing Agreement***

Pursuant to a placing agreement between the Company, the Directors, Insinger and Fairfax dated 19 April 2007, (the "**Placing Agreement**"), Fairfax has conditionally agreed, as agent for the Company, to use reasonable endeavours to procure placees for up to 50,000,000 Ordinary Shares (with Warrants) at the Placing price of £1.00 per Ordinary Share. Fairfax and Insinger are entitled to receive the fees and placing commissions detailed in Part II, paragraph 13.1 of this document. Insinger and Fairfax are also entitled to be reimbursed their reasonable out of pocket expenses (including the fees and expenses of their legal advisers up to a maximum of £40,000, excluding VAT, in aggregate) incurred by them in the performance of their duties under the Placing Agreement.

The Directors have each given various representations and warranties as to their personal information, interests, position and obligations to both Fairfax and Insinger. The Company has also given representations and warranties, including as to the information in this document and the financial, accounting, constitutional and legal standing and history of the Company and its business) and agreed to indemnify Fairfax and Insinger and their directors, officers and employees in respect of, and they shall have no liability to the Company for, any losses incurred by them or the Company in connection with the performance by Fairfax and Insinger of their duties under the Placing Agreement, except to the extent that such losses arise as a result of the fraud, negligence, wilful default or breach of contract by either Insinger or Fairfax or any of their directors, officers and employees.

The Placing Agreement may be terminated by either Insinger or Fairfax if any material statement contained in this document is discovered to be untrue, incorrect or misleading in any material respect, or there has been a material breach of any of the warranties or any other material term of the Placing Agreement on the part of the Company or by reason of *force majeure*.

8.2 ***Management Agreement***

The Mauritius Companies have entered into a management agreement with the Manager dated 19 April 2007, under which the Manager has agreed to procure investment management services for the Mauritius Companies, on the agreed terms.

This management agreement contains indemnities and limitations on liability in favour of the Manager and certain other parties. The Manager shall not itself provide investment management services.

Under this management agreement the Manager will be entitled to a management fee, as described in section 13 of Part II of this document.

Any party may terminate the management agreement if no investment management agreement has been in place for a period of at least 30 consecutive days, by giving at least 45 days' prior written notice to the other parties, provided that no new investment management agreement has been entered into before the intended date of termination.

8.3 ***Investment Management Agreement***

The Mauritius Companies have entered into an Investment Management Agreement with the Manager and the Investment Manager dated 19 April 2007, under which the Investment Manager has, at the request of the Manager, agreed to provide discretionary investment management services to the Mauritius Companies and to manage their portfolios on a discretionary basis in pursuit of the investment objectives set out in this document, subject to the control and direction of the directors of the Mauritius Companies.

Acquisitions and disposals of investments will be considered by the investment committee of the Investment Manager, which will comprise members of the Investment Manager's executive team and such other persons as are appointed to the investment committee by the Investment Manager.

The Investment Manager is subject to certain restrictions, including that it must comply with applicable laws and regulations, and that it must act in good faith and with reasonable skill and care.

The Investment Management Agreement contains indemnities and limitations on liability in favour of the Investment Manager and certain other parties.

The Investment Management Agreement may be terminated by any party upon the occurrence of certain events at distress or bankruptcy, or if the Investment Manager is no longer permitted to perform its services, or on one year's notice (such notice not to expire before the third anniversary of the date of the Investment Management Agreement), or by either Mauritius Company on 90 days' notice, if the Investment Manager breaches the investment policy or restrictions set out in this Admission Document in a material fashion, causing material financial loss to a Mauritius Company, and such breach has not been remedied within 90 days of written notice of such breach being provided to the Investment Manager.

8.4 ***Investment Advisory Agreement***

The Investment Adviser has entered into an Investment Advisory Agreement with the Mauritius Companies and the Investment Manager dated 19 April 2007, under which the Investment Adviser has agreed to provide investment advice to the Mauritius Companies and the Investment Manager.

Under this agreement the Investment Adviser is entitled to be paid an advisory fee as set out in section 13 of Part II of this document.

The Investment Adviser is subject to certain restrictions, including that it must comply with applicable laws and regulations, and that it must act in good faith and with reasonable skill and care.

The Investment Advisory Agreement contains indemnities and limitations on liability in favour of the Investment Advisor and certain other parties.

The Investment Advisory Agreement may be terminated by any party upon the occurrence of certain events at distress or bankruptcy, or if the Investment Adviser is no longer permitted to perform its services, or if the Management Agreement and the Investment Management Agreement are both terminated.

Any party may terminate the Investment Advisory Agreement by giving not less than one year's notice to the other parties.

8.5 ***Nominated Adviser Agreement***

The Company and the Directors have entered into a nominated adviser agreement with Insinger dated 19 April 2007 (the "**Nomad Agreement**"). Under the Nomad Agreement, the Company has agreed to retain Insinger as its nominated adviser for a period of 12 months, although the agreement may be terminated earlier under certain circumstances such as the winding up of either party, material breach of the agreement by either party or breach of the AIM Rules by the Company. Insinger has agreed to, *inter alia*, carry out the responsibilities of nominated adviser as set out in the relevant rules and regulations of the London Stock Exchange. The Company and the Directors have agreed, *inter alia*, to keep Insinger informed of various issues relating to the Company. The Nomad Agreement also contains exclusions on liability and indemnities in favour of Insinger. Insinger is entitled to an annual fee of £40,000 under the Nomad Agreement, payable quarterly in advance, plus properly incurred out of pocket expenses, costs and disbursements (plus VAT if applicable).

8.6 ***Broker Agreement***

The Company and Fairfax have entered into a broker agreement dated 19 April 2007 (the "**Broker Agreement**"). Under the Broker Agreement, the Company has agreed to retain Fairfax as its broker to *inter alia* provide all the services specified from time to time in the relevant rules and regulations of the London Stock Exchange as being the responsibility of a broker. The Broker Agreement may be terminated by either party on three months' written notice or earlier by Fairfax in the event of the material breach by the Company of its obligations under the Broker Agreement. This agreement also contains exclusions on liability and indemnities in favour of Fairfax. Fairfax is entitled to an annual fee of £30,000 under this Agreement payable quarterly in advance, plus properly incurred out of pocket expenses, costs and disbursements (plus VAT if applicable).

8.7 ***Administration Agreement (Isle of Man)***

The Company has entered into an administration agreement with the Administrator dated 19 April 2007. Under the Administration Agreement, the Administrator has agreed to provide the Company with administrative, registrar and secretarial services. The Company has agreed to pay certain fees and charges to the Administrator including *inter alia* an annual fee of £12,500 plus VAT payable in 12 monthly instalments plus all reasonable out-of-pocket expenses. The Company has agreed to indemnify the Administrator from any liability except in the case of fraud, negligence or wilful breach of its duties under the agreement. The Administration Agreement is terminable by either party on six months' notice (expiring at any time after the first anniversary of the Administration Agreement in the case of the Company only) or immediately in certain circumstances such as the winding up of either party or material breach of the agreement.

8.8 ***Administration Agreement (Limited Partnership)***

The Limited Partnership has entered into an administration agreement with the Administrator dated 19 April 2007. Under this agreement, the Administrator has agreed to provide the Limited Partnership with administrative and secretarial services. The Limited Partnership has agreed to pay certain fees and charges to the Administrator including inter alia an annual fee of £25,000 plus VAT payable in 12 monthly instalments plus all reasonable out-of-pocket expenses. The Limited Partnership has agreed to indemnify the Administrator from any liability except in the case of fraud, negligence or wilful breach of its duties under the agreement. This agreement is terminable by either party on six months' notice (expiring at any time after the first anniversary of the agreement in the case of the Limited Partnership only) or immediately in certain circumstances such as the winding up of either party or material breach of the agreement.

8.9 ***Administration Agreements (Mauritius)***

Each of the Mauritius Companies has entered into an administration agreement with Fidelity Trust Limited dated 19 April 2007. Under these agreements, Fidelity Trust Limited has agreed to provide administration and certain other services to the Mauritius Companies. These agreements contain

indemnities and limitations on liability in favour of Fidelity Trust Limited and may be terminated by giving not less than 30 days' notice in writing, or earlier under certain circumstances such as either party going into liquidation or any breach of the agreement by either party which is not cured within thirty days of receipt of notice to cure such breach.

Each of the Mauritius Companies have agreed to pay monthly fees of US$2,500 together with certain other fees and expenses in connection with investments and an annual fee of US$3,500 for the preparation of the Mauritius Companies' annual accounts.

8.10 ***CREST Service Provider Agreement***

The Company has entered into an agreement with the CREST Service Provider dated 19 April 2007 in respect of services to be provided by the CREST Service Provider. The duties include, *inter alia* the maintenance of an offshore register of members and the maintenance of dividend instruction records. Under the terms of the CREST Service Provider Agreement, the CREST Service Provider has agreed to provide transfer and registration services. The CREST Service Provider shall be entitled to receive fees calculated by reference to the number of Shareholders and transfers per annum, subject to an annual minimum fee of £4,500 together with an annual fee for the maintenance of the offshore register of £1,500 per annum. The Company has agreed to indemnify the CREST Service Provider against any losses and liabilities that it may incur in respect of its appointment, save for those losses which are as a result of the fraud, negligence or wilful default of the CREST Service Provider. The liability of the CREST Service Provider under the agreement is limited to the lower of £1,000,000 and ten times its total annual fee.

8.11 ***Co-investment Agreement***

The Investment Manager and the Mauritus Companies have entered into a co-investment agreement with Promethean India Finance Pvt. Ltd. and Mohit Burman dated 19 April 2007, (the "**Co-investment Agreement**"), under which Promethean India Finance Pvt. Ltd. has agreed to invest the Rupees equivalant of £7.5 million either alongside the Group or in the Company pursuant to the Placing. Under the terms of this agreement if the investment is alongside the Group, Promethean India Finance Pvt. Ltd. will acquire and dispose of investments on the same terms and conditions as the Group unless otherwise agreed. The total amount available for co-investment is expected to equal approximately 15 per cent. of the proceeds of the Placing. The Co-investment Agreement contains provisions requiring Promethean India Finance Pvt. Ltd. to co-operate with the Group. The Co-investment Agreement contains limitations on liability in favour of the Investment Manager and the Group. The agreement is terminable on three months' notice following its fifth anniversary, and may be terminated earlier under certain circumstances (including the dissolution of the Invesment Manager).

8.12 ***Limited Partnership Agreement***

Under a limited partnership agreement between the Company, Promethean Investments (Carry) Limited and Promethean Investments (General Partner) Limited (the "**Limited Partnership Agreement**") dated 19 April 2007, the Company has agreed to become a limited partner in the Limited Partnership.

Pursuant to the Limited Partnership Agreement, the Company has agreed to invest such amount as is equal to the net proceeds of the Placing in the Limited Partnership, at such times and less such amounts as the Directors may determine. The Company will invest in the Limited Partnership by way of a capital commitment and an interest-free loan.

The Company and Promethean Investments (Carry) Limited may not participate in the management of the Partnership, save to the extent permitted in the Limited Partnerships Act 1907.

The Company has the exclusive right to pass resolutions at general meetings of the Limited Partnership.

Net income, net income losses, capital gains and capital losses of the Limited Partnership attributable to investments by the Group shall generally be allocated between the accounts of the Limited Partners as follows:

(a) all cash receipts of the Limited Partnership received in respect of any investment (whether by way of dividend, on a realisation of that investment or otherwise) shall be allocated to the Company up to an amount that represents the amount invested in respect of the relevant investment plus a preferred return thereon of 10 per cent. per annum;

(b) second, any further cash receipts shall be allocated to the Carried Interest Partner until such time as the Carried Interest Partner has received an allocation equal to 25 per cent. of the preferred return received by the Company detailed in paragraph (a) above; and

(c) thereafter, the balance of any cash receipts shall be allocated as 80 per cent. to the Company and 20 per cent. to the Carried Interest Partner.

All net income, and capital proceeds available for distribution by the Limited Partnership shall generally be distributed to the Carried Interest Partner and the Company in accordance with the allocations detailed above. Any monies allocated to the Carried Interest Partner may be paid out to the Carried Interest Partner (for the benefit of the assignees of the carried interest, which may include the Executive Team) within 30 days of funds being received.

The Limited Partnership will also pay part of the carried interest into an escrow account, with a view to adjusting the amount of carried interest payable after five years, as described in Section 13 of Part II of this document.

The Limited Partnership shall not be required to make any distribution if: (a) there is insufficient cash therefor; or (b) such distribution would render the Limited Partnership insolvent; or, (c) if such distribution would or might leave the Limited Partnership with insufficient funds or profits to meet any future contemplated obligations, liabilities or contingencies.

Proceeds received by the Limited Partnership may be used for meeting other cash needs of the Limited Partnership but will otherwise normally be distributed. Net income of the Limited Partnership is expected to be distributed semi-annually and the proceeds received from the realisation of investments available for distribution at the discretion of the General Partner shall be distributed as soon as practicable after receipt of the same by the Limited Partnership.

The Limited Partnership Agreement contains indemnities and limitations on liability in favour of the General Partner and certain other parties.

The Limited Partnership will be operated by the Operator as provided for in the Limited Partnership Agreement and the Operator Agreement.

8.13 ***Operator Agreement***

Under an operator agreement between the General Partner (for itself and for and on behalf of the Limited Partnership) and the Investment Manager dated 19 April 2007 (the "**Operator Agreement**"), the Investment Manager has agreed to provide operational, management and other services to the Limited Partnership.

The Operator Agreement contains indemnities and limitations on liability in favour of the Investment Manager and certain other parties.

The appointment of the Investment Manager shall continue in force unless and until the earlier of: (a) the termination of the Limited Partnership; (b) the removal or withdrawal of the General Partner as general partner of the Limited Partnership and the subsequent appointment of a replacement general partner which is not an associate of the Investment Manager; or (c) the insolvency, dissolution or liquidation (other than for purposes of reconstruction or amalgamation) of the Investment Manager.

8.14 ***Side letters***

The Company and/or the Investment Manager may enter into side letters or other arrangements with certain investors and Directors relating to issues such as fee rebates, entitlement to share in the carried

interest, co-investment arrangements, or any other issues which the Company or the Investment Manager (as the case may be) considers to be in the best interests of the Group.

## 9. Working Capital

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the net proceeds of the Placing, the Group has sufficient working capital for its present requirements, that is for at least the period of 12 months from Admission.

## 10. Litigation

The Group is not, nor has at any time in the 12 months immediately prior to preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

## 11. Third Party Information

Various data used in this document, including, for example, information on the investment opportunity in India, have been obtained from independent sources. The Group has not verified the data obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications, risks and uncertainties described above.

The figures set out in Part III of this document have been drawn from third party sources believed by the Company to be reliable. The Company confirms that the information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by each of those third parties, no facts have been omitted which would render the information reproduced inaccurate or misleading.

## 12. Miscellaneous

12.1 In making any investment decision in respect of the Placing, no information or representation should be relied on in relation to the Placing, the Company, the Group, the Warrants or the Ordinary Shares, other than as contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised. Neither the delivery of this document nor any subscription made under it shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as of any time subsequent to the date of this document.

12.2 Save for the entry into of the material contracts summarised in section 8 of this Part VIII, and certain non-material contracts, since its incorporation, neither the Company nor any member of the Group has carried on any business.

12.3 There has been no significant change in the financial or trading position of the Group since 18 April 2007, the date to which the financial information in this document relating to the Group was prepared.

12.4 Grant Thornton UK LLP has given and has not withdrawn its written consent to the issue of this document, with the inclusion of its Accountants' Report in Part VII.A of this document and the references to such report and to its name in the form and context in which they appear. Grant Thornton UK LLP and Grant Thornton are members of the Institute of Chartered Accountants of England and Wales.

12.5 Insinger de Beaufort and Fairfax I.S. PLC have given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to it in the form and context in which they appear.

12.6 Each Placing Share will be offered at a premium of £0.99 to its nominal value.

12.7 Save as otherwise disclosed in this document:

(a) there are no patents or other intellectual property rights, licences or particular contracts or new manufacturing processes which are of fundamental importance to the Group's business;

(b) there have been no interruptions in the business in the 12 months preceding the publication of this document which may have or had a significant effect on the Group's financial position; and

(c) there have been no principal investments, nor are there any in progress or under active consideration.

12.8 No person (excluding professional advisers and others as disclosed in this document and trade suppliers) has:

(a) received, directly or indirectly, from any member of the Group within the 12 months preceding the date of application for Admission; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from any member of the Group on or after Admission any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in any member of the Group with a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

12.9 The Directors, in accordance with the AIM Rules, will propose a resolution at each annual general meeting of the Company for approval by the shareholders of the Company's investing strategy.

This document will be available to the public free of charge during normal business hours on any Business Day at the registered office of the Company and at the registered office of Insinger de Beaufort, from the date of this document until one month from the date of Admission.

# PART IX

## Terms and Conditions of the Placing

### 1. INTRODUCTION

These terms and conditions apply to persons making an offer to subscribe for Placing Shares and Warrants under the Placing (which may include the Placing Agent or its nominee(s)).

Each person to whom these conditions apply, as described above, who confirms its agreement with the Placing Agent (on behalf of itself and the Company) to subscribe for Placing Shares and Warrants (an "**investor**"), hereby agrees with each of the Placing Agent and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares and Warrants will be subscribed under the Placing. An investor shall, without limitation, become so bound if the Placing Agent confirms to the investor its allocation. Following such confirmation, each investor undertakes to return promptly a completed form of confirmation in the form supplied by the Placing Agent (the "**Form of Confirmation**").

### 2. AGREEMENT TO SUBSCRIBE FOR PLACING SHARES AND WARRANTS

Conditional on (i) Admission occurring and the Placing Agreement not having lapsed or been terminated in each case on or prior to 25 April 2007 (or such later date as the Placing Agent and the Company may agree (not being later than 30 April 2007)) and (ii) the confirmation mentioned under paragraph 1 above, an investor agrees to subscribe, as more particularly described below, at the Placing Price, for the number of Placing Shares and Warrants allocated to such investor under the Placing in accordance with the arrangements described in this Part IX of this document. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such investor may have.

Investors shall be allocated one Warrant in respect of every five Placing Shares issued to them. No additional payment is required to be made by Investors for the Warrants. The Warrants shall be constituted by the Warrant Instrument (a deed poll executed by the Company) and shall carry the terms and conditions set out in Part X of this document.

### 3. PAYMENT FOR PLACING SHARES

Each investor undertakes to pay the Placing Price for the Placing Shares subscribed for by such investor in such manner as shall be directed by the Placing Agent for that investor.

In the event of any failure by any investor to pay as so directed by the Placing Agent for that investor, the relevant investor shall be deemed hereby to have appointed that Placing Agent or any of its nominees to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed and to indemnify that Placing Agent on demand in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant investor from its obligation to make such payment for Placing Shares to the extent that that Placing Agent or its nominee has failed to sell such Placing Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned exceeds the Placing Price per Placing Share.

### 4. REPRESENTATIONS AND WARRANTIES

By receiving this document and making the confirmation in paragraph 1 above each investor confirms, represents, warrants and undertakes to the Placing Agent (for the Placing Agent and on behalf of the Company) on the following terms and subject to the following conditions:

(i) that it will apply for and subscribe in full at the Placing Price for the amount of Placing Shares specified in the Form of Confirmation upon, and subject to, the terms and conditions set out in the letter from Fairfax to Placees (the "**Placing Letter**") and the Admission Document, subject to there being no

changes to the information contained in the placing proof of the Admission Document dated 23 March 2007 (the "**Placing Proof**") which are of a material nature and subject to the Memorandum and Articles of Association of the Company. Without prejudice to the generality of the foregoing, it will make payment for such number of Placing Shares to Pershing Securities Limited, as clearing agent for and on behalf of the Company (**"Pershing"**), in accordance with the Placing Letter by no later than 10.00 a.m. on 24 April 2007 or on a Delivery-versus-Payment ("**DVP**") basis through CREST, in accordance with the terms and conditions set out in the Placing Letter, for value by 10.00 a.m. on 25 April 2007;

(ii) that without prejudice to any liability for fraudulent misrepresentation, in giving its commitment, it has not relied on any information given or any representations, warranties or statements made at any time by any person in connection with the Placing, the Company or any of its subsidiaries or any of its shares, the Placing Shares and Warrants or otherwise other than the information contained in the Placing Letter and in the Placing Proof and it acknowledges that information contained in the Placing Proof will be subject to updating, completion, amendment and final verification prior to publication of the final Admission Document and that its subscription for Placing Shares shall be on the basis of the information contained in the Admission Document, subject to there being no changes to the information contained in the Placing Proof which are of a material nature;

(iii) that it is not subscribing for Placing Shares (and Warrants) on the basis of any investor presentation prepared in connection with the Placing; and it acknowledges the status of the Placing Proof as described in paragraph (i) above and it acknowledges and agrees that reliance on the Placing Proof should be subject as therein mentioned;

(iv) that it has obtained all necessary consents and authorities required and observed any formalities in any jurisdiction required to enable it to enter into and comply with the Form of Confirmation and the signatory of the Form of Confirmation is, and will continue to have, full authority to bind the investor to its terms;

(v) that it irrevocably, and by way of security for its obligations under the Form of Confirmation, appoints any director of Fairfax to be its agent and on its behalf, to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of such Placing Shares in the event of its failure so to do;

(vi) that time shall be of the essence as regards obligations pursuant to the Form of Confirmation;

(vii) that it will be liable as a principal in respect of its obligations and the terms and conditions of its commitment will be governed by, and construed in accordance with, the laws of England and it agrees to submit, for the benefit of Fairfax and the Company, to the exclusive jurisdiction of the English courts;

(viii) that it accepts that if the Placing does not proceed and/or the Placing Shares or Warrants for which valid applications are received and accepted are not admitted to AIM on or by 8.00 a.m. on 25 April 2007 (or such later time and/or date, (being not later than 30 April 2007) as Fairfax and Insinger may agree) for any reason whatsoever then neither Fairfax nor the Company shall have any liability whatsoever to it;

(ix) that it is a person which falls within article 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or it is a person to whom the Placing Shares and Warrants may otherwise lawfully be offered under such Order;

(x) that the Placing Shares and Warrants to which this letter relates have not been and will not be registered under the US Securities Act 1933 (as amended) (the "**Securities Act**") and accordingly may not be offered, sold, renounced, transferred or delivered (directly or indirectly) in, into or within the United States or to, or for the account or benefit of, US persons except in transactions exempt from or not subject to the registration requirements of the Securities Act;

(xi) that the exercise by the Placing Agent of any rights or discretion under the Placing Agreement shall be within the Placing Agent's absolute discretion and the Placing Agent need not have any reference to the investor and shall have no liability to the investor whatsoever in connection with any decision to

exercise or not to exercise any such right. Each investor agrees that they have no rights against the Placing Agent, the Company or any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

(xii) that in the case of a person who confirms to the Placing Agent on behalf of an investor an agreement to subscribe for Placing Shares and to be allocated Warrants, that person represents and warrants to the Placing Agent and the Company that he has the authority to do so on behalf of the investor;

(xiii) that except to the extent that it has provided a Form of US Investor Certificate, it is not a national or resident of the United States, Canada, India, Australia, the Republic of Ireland, the Republic of South Africa, the Isle of Man or Japan or a corporation, partnership or other entity organised under the laws of the United States, Canada, India, Australia, the Republic of Ireland, the Republic of South Africa, the Isle of Man or Japan and will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Placing Shares into the United States, Canada, India, Australia, the Republic of Ireland, the Republic of South Africa, the Isle of Man or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in the United States, Canada, India, Australia, the Republic of Ireland, the Republic of South Africa, the Isle of Man or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation and it acknowledges that the Placing Shares and the Warrants have not been and will not be registered under the Securities Act, as amended and have not been, and will not be, qualified for distribution through the filing of a prospectus with any Securities Commission or similar regulatory authority of any province of Canada and that the same are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in the United States, Canada, India, Australia, the Republic of Ireland, the Republic of South Africa, the Isle of Man or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;

(xiv) that it is entitled to subscribe for the Placing Shares (with attached Warrants) in its allocation under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities;

(xv) that it is a person falling within the ambit of the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000;

(xvi) that if it is outside the United Kingdom, that neither this letter nor any other offering material in connection with the Placing constitutes an invitation or offer to it unless, in the relevant territory, such offer or invitation could lawfully be made to it or such offering documents could lawfully be used by it without compliance with any unfulfilled registration or other legal requirements and without prejudice to the generality of the foregoing;

(xvii) that in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) that relate to Anti-Money Laundering (the "**Anti-Money Laundering Legislation**"). If and to the extent that its application is made as discretionary adviser on behalf of discretionary clients, the identity of such clients must where applicable, have been verified by it for the purposes of Anti-Money Laundering Legislation and in all such cases, its application may only be made on the basis that it accepts full responsibility for any and all such requirements under the Anti-Money Laundering Legislation and warrant that such requirements have been satisfied. In addition, it warrants, acknowledges and agrees that if it is not a person resident in the United Kingdom, it is, however, a person acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and either resident in, or incorporated under the law of, a country in which there are in force provisions at least equivalent to the Anti-Money Laundering Legislation operating within the United Kingdom. Without prejudice to any other provisions of this letter it must inform the Placing Agent immediately if it cannot give the warranty in this paragraph (xiii). In addition it covenants and agrees (with the Placing Agent and as agent for the Company) that where it is acting otherwise than as a principal it will provide to the Company without delay, the names of the discretionary clients procured by it and it will provide to the Company or its

appointed agent, the verification of identity documentation and other evidence as to identity of such persons within 5 business days of a request for it by the Company;

(xviii) that it is not, and is not acting as nominee or agent for, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 or 96 of the Finance Act 1986;

(xix) that for itself and any placees procured by it, that it and they accept that neither Fairfax nor Insinger has made any recommendation to it, or them, in relation to the Placing and is not advising it, or them, with regard to the suitability or merits of the transaction into which it may enter in connection with the arrangements set out in the Placing Letter and that in connection with the Placing, Fairfax is acting only for the Company and no-one else and will not regard any person as its customer;

(xx) that any of its customers identified to the Placing Agent will remain its sole responsibility and will not become indirect customers of Fairfax; and

(xxi) that it warrants that any terms of engagement with any client for whom it is making a subscription of Placing Shares allows it to make the decision to subscribe without reference to its client so as to fall within the exemption afforded by section 86(2) of FSMA (as amended by the Prospectus Regulations 2005).

**5. SUPPLY AND DISCLOSURE OF INFORMATION**

If the Company, the Placing Agent, or any of their respective agents request any information about an investor's identity or agreement to subscribe for Placing Shares, such investor must promptly disclose it to them.

**6. MISCELLANEOUS**

The rights and remedies of the Placing Agent and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others. On application, each investor may be asked to disclose, in writing or orally, to the Placing Agent:

(i) if he is an individual, his nationality; or

(ii) if he is a discretionary fund manager, the jurisdiction in which funds are managed or owned.

All documents will be sent at the investor's risk. They may be sent by post to such investor at the address notified to the Placing Agent.

Each investor agrees to be bound by the Articles (as amended from time to time) and the terms and conditions of the Warrants once the Placing Shares and Warrants which such investor has agreed to purchase have been allotted to such investor. The contract to subscribe for Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the parties mentioned under paragraph 1 above, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.

In the case of a joint agreement to subscribe for Placing Shares and Warrants, references to an investor in these terms and conditions are to each such investor and the investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Form of Confirmation issued by a Placing Agent until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 7 May 2007, application monies will be returned without interest.

## 7. SELLING RESTRICTIONS

### United Kingdom

Before Admission becomes effective, investors may only offer or sell any Placing Shares or Warrants in the United Kingdom in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of Section 102B of the FSMA.

### United States

The Ordinary Shares and Warrants have not been and will not be registered under the Securities Act or any US state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred in the United States or to US persons, and the Warrants may not be exercised except in accordance with the restrictions described in "Part VI – Important Information for US Investors – Eligible Investors" and below.

Under the Articles, the Directors have the power to require the sale or transfer of Ordinary Shares in certain circumstances. Such power may be exercised *inter alia* (i) in order to prevent the Company from being in violation of, or required to register under, the Investment Company Act and (ii) in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

Each initial purchaser of Ordinary Shares and Warrants in the United States or that is a US Person is required to execute a certificate in the form of Annex A to this document in which it will represent and agree as follows:

(a) The purchaser (i) is a Qualified Institutional Buyer that is also a Qualified Purchaser, (ii) is acquiring the Ordinary Shares and Warrants for its own account or for the account of one or more Qualified Institutional Buyers that are also Qualified Purchasers, (iii) is not a broker dealer who owns and invests on a discretionary basis less than $25 million in securities of unaffiliated issuers, (iv) is not a self directed employee benefit plan, (v) is not formed for the purpose of investing in the Ordinary shares and Warrants and (vi) is aware, and each beneficial owner of the Ordinary Shares and Warrants has been advised, that the sale of the Ordinary Shares and Warrants to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act and that the Company has not been and will not be registered as an investment company under the Investment Company Act.

(b) The purchaser understands that the Ordinary Shares and Warrants are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Ordinary Shares and Warrants have not been and will not be registered under the Securities Act and that (A) if in the future the purchaser decides to offer, resell, pledge or otherwise transfer any of the Ordinary Shares or Warrants, such Ordinary Shares or Warrants may be offered, resold, pledged or otherwise transferred only in compliance with the Securities Act and other applicable securities laws (i) within the United States in a transaction meeting the requirements of an applicable exemption from the registration requirements of the Securities Act to a person whom the seller reasonably believes is a Qualified Institutional Buyer that is also a Qualified Purchaser and who, prior to any such transaction, executes a certificate in the form of Annex A to this document and delivers such certificate to the Company, or (ii) outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S (including for the avoidance of doubt, a *bona fide* sale on the London Stock Exchange) and that (B) the purchaser will, and each subsequent holder is required to notify any subsequent purchaser of the Ordinary Shares and Warrants from it of the resale restrictions referred to in (A) above.

(c) The Purchaser is not, and is not purchasing Shares on behalf of, or with the assets of, a benefit plan investor (as defined in Section 3(42) of ERISA), a plan or other arrangement subject to provisions under applicable federal state, local, non-US or other laws or regulations that are substantially similar to Section 406 or ERISA or Section 4975 of the Code.

(d) The purchaser understands that in the event Ordinary Shares or Warrants are held in certificated form, such certificates will bear a legend substantially to following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR, EXCEPT AS SET OUT IN THE COMPANY'S ADMISSION DOCUMENT (THE "PROSPECTUS"), THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (X) IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT TO A TRANSFEREE WHO IS (i) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND ALSO A "QUALIFIED PURCHASER" WITHIN THE MEANING OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (ii) OUTSIDE THE UNITED STATES PURCHASING THIS SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT (INCLUDING, FOR THE AVOIDANCE OF DOUBT, A *BONA FIDE* SALE ON THE LONDON STOCK EXCHANGE) AND (Y) (1) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE COMPANY MAY REQUIRE AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. FURTHER, THE DIRECTORS HAVE THE POWER TO REQUIRE THE SALE OR TRANSFER OF THE SECURITY IF SUCH SALE OR TRANSFER WILL RESULT IN (i) THE ASSETS OF THE COMPANY CONSTITUTING "PLAN ASSETS" WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT ARE SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE") OR (ii) THE COMPANY BEING REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. EACH PURCHASER OR TRANSFEREE OF THIS SECURITY WILL BE DEEMED TO HAVE REPRESENTED THAT (i) IT IS NOT AND IS NOT USING ASSETS OF A PLAN THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE AND (ii) IF IT IS A PERSON, THAT IT IS A "QUALIFIED PURCHASER", AND WILL BE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE COMPANY'S PROSPECTUS AND ARTICLES OF ASSOCIATION.

EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PROSPECTUS TO THE TRANSFEREE.

**Isle of Man**

This document has not been registered or filed as a prospectus with any governmental or other authority in the Isle of Man and this document and the issue of the Placing Shares and Warrants have not been approved or passed upon by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man. This document may only be issued by or on behalf of the Company, or by or on behalf of any person who is or has been engaged or interested in the formation of the Company, to persons falling within the ambit of the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000, including (without limitation) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their businesses.

19 April 2007

# PART X

## Terms and Conditions of the Warrants

The Warrants will be constituted by and will be issued pursuant to the Warrant Instrument. Each registered Warrantholder will be bound by and deemed to have notice of all of the matters set out in the Warrant Instrument. Copies of the Warrant Instrument are available on application to the Company's registered office. The terms and conditions attaching to the Warrants are as follows.

### 1. SUBSCRIPTION RIGHTS

1.1 A registered holder for the time being of a Warrant (a **"Warrantholder"**) shall have the right (a "**subscription right**") to subscribe in cash on any Business Day in the period of thirty days commencing on the Business Day on which copies of the interim unaudited accounts of the Company for its then immediately preceding financial half year are despatched to Shareholders in any of the years 2007 to 2012 (both inclusive) (a **"subscription date"**) for one Ordinary Share of 1 pence each in the capital of the Company (an **"Ordinary Share"**) at the price of £1.00 per Ordinary Share (the **"subscription price"**) payable in full in cash on subscription. The number and/or nominal value of Ordinary Shares to be subscribed pursuant to subscription rights and/or the subscription price will be subject to adjustment as provided in paragraph 2 below. Warrants registered in a Warrantholder's name which are not registered as being held in uncertificated form in a relevant system will be evidenced by a Warrant certificate issued by the Company. Nothing in these terms and conditions shall require the Company to issue a certificate for Warrants to any person holding such Warrants in uncertificated form.

1.2 In order to exercise the subscription rights in whole or in part, in respect of Warrants held in certificated form on any subscription date, the Warrantholder must lodge the Warrant certificate(s), having completed the notice of exercise of subscription rights (**"Notice of Exercise"**) thereon (or such other evidence as the directors of the Company for the time being (the **"Directors"**) may reasonably require as proof of the title of the person exercising the subscription rights) at the office of the registrar for the time being of the Company (the **"Registrar"**) on the relevant subscription date (but not later than 3.00 p.m. on that date) (such notice referred to in these terms and conditions as a **"Certificated Subscription Notice"**) accompanied by a remittance for the aggregate amount payable on subscription for the Ordinary Shares arising on the exercise of the subscription rights. The Directors may at their discretion accept as valid notices of exercise of subscription rights which are received after the relevant subscription date, provided they are accompanied by the correct remittance, as described above.

1.3 In respect of Warrants held in uncertificated form on any subscription date, the subscription rights shall be exercised (and treated by the Company as exercised) on that subscription date if the Company or any sponsoring system-participant acting on behalf of the Company receives, at any time on the relevant subscription date:

(a) a properly authenticated dematerialised instruction:

(i) in the form from time to time prescribed by the Directors and having the effect determined by the Directors from time to time (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of the relevant system concerned); and

(ii) that is addressed to the Company, is attributable to the system-member who is the holder of the Warrants concerned and that specifies (in accordance with the form prescribed by the Directors as aforesaid) the number of Warrants in respect of which the subscription rights are to be exercised; and

(b) payment in settlement of the aggregate subscription price for the Ordinary Shares arising on the exercise of the subscription rights, such payment to be made through the relevant system in accordance with its rules, or by any other means permitted by the Directors, provided always that:

(i) subject always to the facilities and requirements of the relevant system concerned, the Directors may in their discretion permit the holder of any Warrants in uncertificated form to exercise his right to subscribe for Ordinary Shares by such other means as the Directors may approve;

(ii) the Directors may in their discretion require, in addition to receipt of a properly authenticated dematerialised instruction as referred to above, the holder of any Warrants in uncertificated form to complete and deliver to the Registrar on the relevant subscription date a notice in such form as may from time to time be prescribed by the Directors; and

(iii) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Warrants concerned of the power to transfer such Warrants to another person, and, for the purposes of these terms and conditions, an "**Uncertificated Subscription Notice**" means the properly authenticated dematerialised instruction referred to in this paragraph 1.3 or any other notice that the Directors may permit to be given in substitution for such dematerialised instruction and together with (in either case) any other additional notice or information that the Directors may require to be given in order for the subscription rights to be exercised.

1.4 Once received by the Company, neither a Certificated Subscription Notice nor an Uncertificated Subscription Notice may be withdrawn save with the consent of the Directors. The Directors may require, as a condition of exercise of any Warrants, that the beneficial owner of such Warrants certifies that such exercise is not by or on behalf of, or with a view to a transfer of the Ordinary Shares to which the Warrants relate to, a United States Person or delivers such other certifications as to nationality or residence as they deem necessary or desirable for the best interests of the Company. Exercising Warrantholders must also comply with any applicable legal requirements.

1.5 Not earlier than eight weeks nor later than six weeks before the first subscription date in any year, the Company shall give notice in writing to the holders of the outstanding Warrants reminding them of their subscription rights and, in respect of Warrants held in uncertificated form, stating the form of Uncertificated Subscription Notice prescribed by the Directors in relation to the relevant subscription date. Failure by any holder to receive such notice shall not prejudice his rights, nor those of any other holder, to subscribe for Ordinary Shares pursuant to their Warrants.

1.6 Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted to the person in whose name the Warrants are registered at the date of such exercise (and, if more than one, to the first named, which shall be sufficient despatch for all) or (subject as provided by law and to payment of stamp duty, stamp duty reserve tax or any like tax as may be applicable) to such other persons as may be named in the Certificated Subscription Notice or Uncertificated Subscription Notice (as appropriate) not later than 14 days after, and with effect from, the relevant subscription date. Unless the Directors otherwise determine, or unless the Regulations (as defined in paragraph 8.3) and/or the rules of the relevant system concerned otherwise require, the Ordinary Shares issued pursuant to an exercise of subscription rights shall be allotted in uncertificated form (where the Warrants in respect of which the subscription rights were exercised were in uncertificated form on the relevant subscription date) and in certificated form (where the Warrants in respect of which the subscription rights were exercised were in certificated form on the relevant subscription date).

1.7 Certificates for Ordinary Shares which are to be issued pursuant to an exercise of subscription rights in accordance with paragraph 1.6 will be issued free of charge and despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant subscription date to the person(s) to whom the Ordinary Shares have been allotted pursuant to paragraph 1.6 (or if more than one, to the first-named, which shall be sufficient despatch for all). In the event of a holder of Warrants in certificated form on the relevant subscription date exercising the subscription rights conferred by some, but not all, of such Warrants, the Company shall at the same time as the issue of the share certificates issue a new Warrant certificate in the name of the registered holder for any balance of the Warrants with subscription rights remaining exercisable.

1.8 No fraction of an Ordinary Share will be issued on the exercise of any Warrant and no refund will be made to a Warrantholder in respect of that part of the relevant subscription moneys which represents such a fraction (if any), provided that if more than one Warrant is exercised at the same time by the same holder then, for the purposes of determining the number of Ordinary Shares issuable upon the exercise of such Warrants and whether (and, if so, what) fraction of an Ordinary Share arises, the number of Ordinary Shares arising on the exercise of each Warrant shall first be aggregated and, if practicable, sold in the market. The net proceeds of such sale will be paid to the Warrantholders in proportion to the fractions arising on exercise of their Warrants, save that amounts of less than £1 will be retained for the benefit of the Company.

1.9 Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares for which the record date is prior to the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year thereafter and *pari passu* in all other respects with the Ordinary Shares in issue on the relevant subscription date, provided that on any allotment falling to be made pursuant to paragraph 3.8 or paragraph 3.9 below, the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of allotment but, subject thereto, will rank in full for all other dividends and distributions and *pari passu* in all other respects with the Ordinary Shares then in issue.

1.10 So long as the Company's Ordinary Shares are admitted to trading on the AIM market (**"AIM"**) of the London Stock Exchange plc (the **"London Stock Exchange"**), the Company will apply to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to trading on AIM and the Company will use all reasonable endeavours to obtain such admission as soon as practicable and, in any event, not later than 14 days after the relevant subscription date (or the date of allotment of Ordinary Shares if allotted otherwise than on a subscription date).

1.11 If immediately after any subscription date (other than the final subscription date) and after taking account of any subscription rights exercised on that date, subscription rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Ordinary Shares to which the subscription rights attached to Warrants originally issued by the Company or issued pursuant to these terms and conditions relate (excluding any Ordinary Shares to which subscription rights attached to Warrants purchased by the Company or any of its subsidiaries relate but including any further Warrants issued pursuant to these terms and conditions), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Warrants then outstanding of its intention to appoint a trustee for the purposes set out below upon the expiry of 21 days from the date of such notice (the **"Notice Period"**) and for this purpose the Notice Period shall expire at 3.30 p.m. on the 21st day. Such notice shall in its terms give the holders of the Warrants so outstanding a final opportunity to exercise their subscription rights in the manner provided, *mutatis mutandis*, in paragraphs 1.2 and 1.3 as though such 21st day were a subscription date. Such notice shall set out the subscription price, as adjusted in accordance with paragraph 2, at which Warrantholders may subscribe for Ordinary Shares before the expiry of the notice. Forthwith after the expiry of the Notice Period, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of the subscription, shall within the period of 14 days following the expiry of the Notice Period either:

(a) exercise the subscription rights which shall not have been exercised on the terms (subject to any adjustments pursuant to paragraphs 2.1 and 2.2) on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and sell in the market the Ordinary Shares acquired on such subscription; or

(b) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants.

The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale

and in any event within one month after the expiry of the Notice Period, provided that entitlements of under £1 shall be retained for the benefit of the Company.

1.12 Within seven days following the final subscription date the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of 14 days following the final subscription date, either:

(a) exercise all the subscription rights which shall not have been exercised on the terms on which the same could have been exercised on the final subscription date and sell in the market the Ordinary Shares acquired on such subscription; or

(b) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants.

The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons within two months of the final subscription date, provided that entitlements of under £1 shall be retained for the benefit of the Company. If the trustee shall not so exercise the subscription rights as aforesaid (and so that his decision in respect thereof shall be final and binding on all holders of outstanding Warrants), the outstanding Warrants shall lapse at the expiry of the period of 14 days following the final subscription date.

1.13 The trustee referred to in paragraphs 1.11 and 1.12 above shall have no liability of any nature whatsoever where he has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.

1.14 The Warrants and the Ordinary Shares issuable on exercise of the Warrants have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and the Company has not been and will not be registered under the Investment Company Act. Each Warrant certificate will bear a legend to the effect that the Warrants and the Ordinary Shares to be issued upon their exercise have not been and will not be so registered, and that the Warrants may not be exercised for cash in the United States unless registered under the Securities Act or an exemption from such registration requirements is available. Accordingly, if a Warrant is exercised for cash the exercise notice is required to contain, among other things, a representation and warranty by the person exercising the Subscription Rights that it is outside the United States in an "offshore transaction" within the meaning of Regulation S under the Securities Act, failing which the Company may refuse to authorise the issue of Ordinary Shares to such person, except in certain limited circumstances.

## 2. ADJUSTMENTS OF SUBSCRIPTION RIGHTS

2.1 *Immediately on:*

(a) any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date; or

(b) any sub-division or consolidation of the Ordinary Shares on a date (or by reference to a record date) on or before the final subscription date,

the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of subscription rights will, subject to paragraph 2.5, be increased or, as the case may be, reduced in due proportion (fractions being ignored) and the subscription price will be adjusted accordingly, so as to maintain the same cost of exercising the subscription rights of each Warrantholder with effect from the record date for such capitalisation, sub-division or consolidation. Such adjustments shall be determined by the Directors and the auditors for the time being of the Company (the **"Auditors"**) shall confirm that in their opinion the adjustments have been determined in all material respects in accordance with these terms and conditions. Within 28 days after the relevant event referred to in sub-paragraph 2.1(a)

or subparagraph 2.1(b) above, notice of such adjustments will be given to each Warrantholder detailing the number of Ordinary Shares for which the Warrantholder is entitled to subscribe in consequence of any such adjustment where, in its discretion, the Company elects to give effect to such adjustment by the issue of additional Warrants (as opposed to an adjustment of the subscription terms of existing Warrants). Such additional subscription rights shall confer the same rights and privileges and be subject to the same restrictions and obligations as the subscription rights which subsist at the date of the relevant capitalisation, sub-division or consolidation subject to any adjustment to the subscription price which is made in pursuance of this paragraph 2.1. Holders of Warrants in certificated form at that time will also, if the Company considers it necessary or desirable, receive a new Warrant certificate in respect of such adjusted subscription rights.

2.2 If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation to the holders of Ordinary Shares (whether by rights issue or otherwise but not being an offer to which paragraph 3.8 applies) or any offer or invitation (not being an offer to which paragraph 3.9 applies) is made to such shareholders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Warrantholders as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraph 2.1 or this paragraph 2.2) on which the same could have been exercised if they had then been exercisable, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that such offer or invitation is made but the subscription price and the subscription rights shall, subject to paragraph 2.5, be adjusted:

(a) in the case of an offer of additional Ordinary Shares for subscription by way of rights at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the subscription price in force immediately before such announcement by:

$$\frac{X + Y}{X + Z}$$

where:

*"X"* means the number of Ordinary Shares in issue on the date of such announcement;

*"Y"* means the number of Ordinary Shares which the aggregate of the amount payable for the total number of additional Shares comprised in such rights issue would purchase at such market price; and

*"Z"* means the aggregate number of Ordinary Shares offered for subscription; and by dividing the number of Ordinary Shares to be subscribed on any future exercise of the subscription rights by the same fraction. Such adjustment shall be determined by the Directors, and the Auditors shall confirm that in their opinion the adjustment has been determined in all material respects in accordance with these terms and conditions; and

(b) in any other case, in such manner as the Directors shall determine and the Auditors shall report to be fair and reasonable.

Any such adjustment shall become effective as at the record date of the offer or invitation. For the purposes of this paragraph 2.2, "market price" means the arithmetic mean of the last traded prices for Ordinary Shares for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained (and if there is no trading in the Ordinary Shares during this period, the last price at which an Ordinary Share was traded) but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends and other distributions with the Ordinary Shares in issue on those days. The Company shall give notice to the Warrantholders within 28 days of

any adjustment made pursuant to this paragraph 2.2 and, if the Company considers it necessary or desirable, despatch new Warrant certificates to holders of Warrants in certificated form at that time in the manner described in paragraph 2.1.

2.3 If at any time a Warrantholder shall become entitled to exercise his subscription rights pursuant to paragraph 3.9, the subscription price payable on such exercise of the subscription rights (but not otherwise) shall be reduced by an amount determined in accordance with the following formula:

A = (B + C) - D where:

*"A"* means the reduction in the subscription price;

*"B"* means the subscription price ruling immediately before the adjustment;

*"C"* means the arithmetic mean of the last traded price for one Warrant for the ten consecutive dealing days ending on the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made (and if there is no trading in the Warrants during this period, the last price at which a Warrant was traded); and

*"D"* means the arithmetic mean of the last traded price for one Ordinary Share for the ten consecutive dealing days ending on the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made (and if there is no trading in the Ordinary Shares during this period, the last price at which an Ordinary Share was traded);

However:

(i) no adjustment shall be made in the subscription price where the value of D exceeds the aggregate value of B and C;

(ii) the subscription price shall be further adjusted to take account of the market value of the Warrants (which shall be deemed to be equal to the value of C) having regard *inter alia* to the time value of money in such manner as the Directors shall determine and as the Auditors shall report, in all the circumstances, to be fair and reasonable; and

(iii) the subscription price shall not be adjusted so as to cause the Company to be obliged to issue Ordinary Shares at a discount and, if the application of the above formula would, in the absence of this sub-paragraph (c), have reduced the subscription price to below the then nominal value of an Ordinary Share, the number of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights in accordance with paragraph 3.9 but not otherwise shall be adjusted by the Directors in such manner as they determine to be appropriate, and the Auditors report to be fair and reasonable, to achieve, so far as is possible, the same economic result for the Warrantholders as if the subscription price had been adjusted without regard to this sub-paragraph 2.3 in all the circumstances.

Such reduction shall be determined by the Directors and the Auditors shall confirm that, in their opinion, in all the circumstances, the reduction has been determined in all material respects in accordance with these terms and conditions. Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in paragraph 3.9, the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies. Publication of a scheme of arrangement or conclusion of a legally binding agreement providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company (by whatever means) shall be deemed to be the making of an offer for the purposes of this paragraph 2.3 and paragraph 3.9. The Company shall give notice to the Warrantholders within 28 days of any adjustments made pursuant to this paragraph 2.3 and, if the Company considers it necessary or desirable, despatch new Warrant certificates to holders of Warrants in certificated form at that time in the manner described in paragraph 2.1.

2.4 If an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders), the provisions of paragraph 2.3 shall apply mutatis mutandis and any adjustment made pursuant to this paragraph 2.4 shall be calculated by reference to, and shall become effective on, the day immediately before the date of such order or resolution. For the purposes of applying the formula set out in paragraph 2.3 above:

(a) *"C"* shall be the arithmetic mean of the last traded price for one Warrant for the ten consecutive dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Directors of their intention to convene an extraordinary general meeting for the purpose of passing a resolution to wind up the Company; (ii) the date of the notice of an extraordinary general meeting convened for the purpose of passing a resolution to wind up the Company; (iii) the date of commencement of the winding-up of the Company by the court; and (iv) the date of suspension by the London Stock Exchange of dealings in the Warrants prior to the making of such announcement by the Directors (and if there is no trading in the Warrants during this period, the last price at which a Warrant was traded); and

(b) *"D"* shall be the amount per Ordinary Share as determined by the Directors with confirmation from the Auditors that such determination is fair and reasonable which each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with paragraph 3.11, on the assumption that all Warrants then unexercised had been exercised in full at the relevant subscription price and the subscription moneys in respect thereof had been received in full by the Company.

2.5 No adjustment shall be made to the subscription price pursuant to paragraphs 2.1 or 2.2 if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2.5) be less than one per cent. of the subscription price then in force and on any adjustment the adjusted subscription price will be rounded down to the nearest £0.05. Any adjustment not so made and any amount by which the subscription price is rounded down will be carried forward and taken into account on any subsequent adjustment pursuant to this paragraph 2.5.

**3. OTHER PROVISIONS**

So long as any subscription rights remain exercisable:

3.1 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders):

(a) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares; or

(b) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such allotment, sub-division or consolidation as is referred to in paragraph 2.1 or any such offer or invitation as is referred to in paragraph 2.2 (except by extending to Warrantholders or procuring the extension to Warrantholders of any such offer or invitation as may be made by a third party);

3.2 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) in any way modify the rights attached to its existing Ordinary Shares as a class (but so that nothing herein shall restrict the right of the Company to increase or to consolidate or sub-divide its share capital), or create or issue any new class of share capital except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital. Notwithstanding the foregoing:

(a) for so long as the Company has only one class of share capital, any modification of the rights of the Ordinary Shares is not to be regarded as a modification of the rights attached to the Ordinary Shares as a class; and

(b) any rights as regards return of capital shall not be regarded as more advantageous than those of the Ordinary Shares, if in either case such modification or the creation or issue of any such shares is made in connection with or in contemplation of a winding-up of the Company, provided that for the purposes of calculating the sum (if any) due to Warrantholders under paragraph 3.11, the Directors shall have regard both to the rights of the Ordinary Shares immediately prior to such modifications and after such modification and to the amount which the Warrantholder would have received had he been the holder of the Ordinary Shares to which he would have become entitled as provided in paragraph 3.11 and had he exercised any right of election conferred on such Ordinary Shares or the shares so created or issued;

3.3 the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves, nor make any such offer as is referred to in paragraph 2.2, if in either case as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount to nominal value;

3.4 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) reduce its share capital or any share premium account or any capital reserve, except for a reduction not involving any payment to shareholders;

3.5 the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable without the need for the passing of any further resolutions of shareholders;

3.6 the Company shall not make any allotment of fully paid Ordinary Shares by way of capitalisation of capital profits or reserves unless at the date of such allotment the Directors have authority for the purposes of the Law to grant the additional rights to subscribe to which the Warrantholders would by virtue of paragraph 2.1 be entitled in consequence of such capitalisation and any rights of pre-emption conferred by the Law shall have been disapplied to the extent (if any) necessary to enable such grant;

3.7 the Company shall not make any such offer or invitation as is referred to in paragraph 2.2 to the holders of Ordinary Shares unless:

(a) where such offer or invitation involves the allotment of securities, the Directors shall have authority for the purposes of the Law to allot any such securities to be allotted to the Warrantholders in accordance with paragraph 2.2; and

(b) any rights of pre-emption conferred by the Law shall have been disapplied to the extent (if any) necessary to enable the Company to make such offer or invitation to the Warrantholders and to effect any allotment pursuant thereto;

3.8 if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Warrantholders and each Warrantholder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2.1 and 2.2) on which the same could have been exercised if they had been exercisable on the day immediately preceding the record date for such offer or invitation and so as to take effect as if he had exercised his rights immediately prior to the record date of such offer or invitation;

3.9 subject to paragraph 3.10, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Warrantholders of such vesting within 14 days of its becoming so aware and each Warrantholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustments pursuant to

paragraphs 2.1, 2.2 and 2.3) on which the same could have been exercised if they had been exercisable on the day on which the Company shall become aware as aforesaid. If any part of the 30-day period referred to falls before the first subscription date on which the Warrants are exercisable in accordance with paragraph 1.1, the Warrants shall nevertheless be deemed to be exercisable during all of that period for the purposes of this paragraph 3.9 and if any part of such period falls after the last subscription date upon which the Warrants are exercisable in 2012, the subscription date shall be deemed to be the last business day of such 30-day period;

3.10 if any offer as is referred to in paragraph 3.9 above shall be made whereunder the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of warrants to subscribe for ordinary shares in the offeror in exchange for the Warrants which the financial advisers to the Company shall consider in their opinion (acting as experts and not as arbitrators) to be fair and reasonable (having regard to the terms of the offer and to the terms of paragraph 2.4 and any other circumstances which may appear to the financial advisers to the Company to be relevant), then the Warrantholders shall not be entitled to exercise their subscription rights on the basis referred to in paragraph 3.9 above and any Director shall be authorised as attorney for the Warrantholders who have not accepted such offer of Warrants:

(a) to execute a transfer thereof in favour of the offeror in consideration of the issue of warrants to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Warrants shall lapse; and

(b) to do all such acts and things as may be necessary or appropriate in connection therewith,

subject in the case of both (a) and (b) aforesaid to such offer becoming or being declared unconditional in all respects and the offeror being in a position compulsorily to acquire the whole of the issued ordinary share capital of the Company;

3.11 if an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders), each Warrantholder shall (if in such winding up and on the basis that all subscription rights then unexercised had been exercised in full and the subscription price therefor (taking account of any adjustments to the subscription price pursuant to paragraphs 2.1, 2.2 and 2.4), had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights (taking account of any adjustments to the subscription price pursuant to paragraphs 2.1, 2.2 and 2.4), which would on such basis exceed in respect of each Ordinary Share a sum equal to such subscription price) be treated as if immediately before the date of such order or resolution (as the case may be) his subscription rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2.1, 2.2 and 2.4) on which the same could have been exercised if they had been exercisable on the day immediately before the date of such order or resolution (as the case may be) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the subscription price (subject to any adjustments pursuant to paragraphs 2.1, 2.2 and 2.4). If in connection with such winding up the members of the Company approve in accordance with its Articles or relevant statutory provision:

(a) a distribution of assets in specie to the members;

(b) the vesting in trustees of the whole or any part of the assets of the Company on trust for the benefit of the members or any of them;

(c) a transfer of the whole or part of the Company's business or property; or

(d) any similar arrangement,

then for the purposes of this paragraph, the sum that the Warrantholder would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription shall be such sum as is determined by the Directors on such basis of valuation and valued at such date as the Directors determine with confirmation from the Auditors that each such determination is fair and reasonable. Subject to the foregoing, all subscription rights shall lapse on liquidation of the Company;

3.12 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders and except for any warrants contemplated in this Admission Document) issue any further warrants or other rights to subscribe for, or convert any security into, Ordinary Shares or any class of share capital except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital; and

3.13 the Company shall not change its accounting reference date from 31 August except to a date falling within seven days before or after 31 August without giving to the Warrantholders not less than two months' notice thereof.

## 4. MODIFICATION OF RIGHTS AND MEETINGS

4.1 Subject to the existing rights of the holders of the Ordinary Shares, all or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the Warrantholders. All the provisions of the Articles as to general meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that:

(a) the necessary quorum shall be Warrantholders present in person or by proxy entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants;

(b) every Warrantholder present in person at any such meeting shall be entitled on a show of hands to one vote and every Warrantholder present in person or by proxy at any such meeting shall be entitled on a poll to one vote for each Ordinary Share for which he is entitled to subscribe;

(c) any Warrantholder present in person or by proxy may demand or join in demanding a poll;

(d) at any adjourned meeting those Warrantholders present in person or by proxy shall be a quorum (whatever the number of Warrants held or represented by such Warrantholders); and

(e) provisions concerning notices of meetings shall have effect subject to the Regulations.

Any such alteration or abrogation approved as aforesaid shall be effected by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument. Modifications to the Warrant Instrument which are of a formal, minor or technical nature, or made to correct a manifest error, and which do not adversely affect the interests of the Warrantholders, may be effected without the sanction of an extraordinary resolution of the Warrantholders by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument and notice of such alteration or abrogation or modification shall be given by the Company to the Warrantholders.

4.2 The Company may, by resolution of the Directors and without the sanction of an extraordinary resolution of the Warrantholders:

(a) make such amendments to these terms and conditions as are necessary:

(i) for the Company to permit the holding of Warrants in uncertificated form and the transfer of title to the Warrants by means of a relevant system under the Regulations; and

(ii) to remove inconsistencies between these terms and conditions and the holding of Warrants in uncertificated form, the transfer of title to Warrants by means of a relevant system and the Regulations; and

(b) make such other amendments to these terms and conditions as the Directors consider desirable or expedient to facilitate the holding and transfer of Warrants in uncertificated form in CREST or any other relevant system, and the exercise of the rights attached to such Warrants within such relevant system.

4.3 The Company may, but shall not be bound to, make arrangements for the Warrants to become a participating security.

**5. TRANSFER**

Each Warrant held in certificated form will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors. Each Warrant held in uncertificated form will be registered and will be transferable in whole or in part by means of a relevant system in such manner provided for, and subject as provided in, the Regulations and the rules of the relevant system and accordingly no paragraph of these terms and conditions shall apply in respect of such a Warrant to the extent that the paragraph requires or contemplates the effecting of a transfer by an instrument in writing and the production of a certificate for the Warrant to be transferred. No transfer of a right to subscribe for a fraction of an Ordinary Share may be effected. Subject as aforesaid in this paragraph, the provisions of the Articles relating to the registration, transfer, compulsory transfer and transmission of Ordinary Shares and the issue and replacement of certificates shall apply *mutatis mutandis* to the Warrants.

**6. PURCHASE OR SURRENDER OF WARRANTS**

The Company and its subsidiaries shall have the right to purchase Warrants in the market or at any price by tender (available to all Warrantholders alike) or by private treaty or otherwise and the Company may accept the surrender of a Warrant at any time. All Warrants so purchased or surrendered shall forthwith be cancelled and shall not be available for re-issue or re-sale.

**7. WARRANTS IN UNCERTIFICATED FORM**

7.1 Pursuant and subject to the Regulations, the Company may permit title to the Warrants to be evidenced otherwise than by a certificate and to be transferred by means of a relevant system and may make arrangements for the Warrants to become a participating security. Title to the Warrants may be evidenced otherwise than by a certificate only where the Warrants are for the time being a participating security. The Company may also, subject to compliance with the Regulations and the rules of any relevant system, determine that title to the Warrants may, from any date specified by the Company, no longer be evidenced otherwise than by a certificate and/ or that title to the Warrants shall cease to be transferred by means of any particular relevant system.

7.2 In relation to the Warrants once they are a participating security and for so long as the Warrants remain a participating security, no provision of these terms and conditions shall apply or have effect to the extent that it is inconsistent in any respect with:

(a) the holding of Warrants in uncertificated form;

(b) the transfer of title to Warrants by means of a relevant system; or

(c) any provision of the Regulations.

7.3 For so long as the Warrants are a participating security, Warrants may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations and the rules of any relevant system, and the Company shall record on the register of Warrantholders that the Warrants are held in certificated or uncertificated form as appropriate.

7.4 The Register of Warrantholders shall be maintained at all times in the Isle of Man.

7.5 Where the Warrants are a participating security, references to the register shall include the issuer register of shares and the Operator register of shares.

7.6 Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations.

7.7 The Company shall comply with the provisions of Regulations 10 and 11 of the Regulations in relation to the Warrants held in uncertificated form. For the avoidance of doubt, these terms and conditions (as amended from time to time) are applicable to the Warrants held in uncertificated form and shall remain so applicable (and accordingly the Company shall continue to comply with these terms and conditions) notwithstanding that they are not endorsed on any certificate for such Warrants.

7.8 The Company shall provide to any holder of Warrants in uncertificated form a copy of these terms and conditions (as amended from time to time) on request by him (but so that joint holders of such Warrants shall be entitled to receive one copy only of these terms and conditions in respect of the Warrants held jointly by them, which copy shall be delivered to that one of the joint holders whose name stands first in the register of Warrantholders in respect of that holding).

**8. GENERAL**

8.1 The Company will concurrently with the issue of the same to the holders of its Ordinary Shares send to each Warrantholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof) together with all documents required by law to be annexed thereto, and copies of all statements, notices, circulars and other documents issued by the Company to holders of Ordinary Shares.

8.2 For the purposes of these conditions, "**extraordinary resolution of the Warrantholders**" means a resolution proposed at a meeting of the Warrantholders duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

8.3 For the purposes of these terms and conditions, the "**Regulations**" means the Uncertificated Securities Regulations 2005 (SD 754/05) as amended from time to time and any provisions of the Companies Acts which supplement or replace such Regulations and words or expressions used in these terms and conditions shall have the same meaning as in the Regulations.

8.4 For the purposes of these terms and conditions:

(a) **"Auditors"** means the auditors of the Company for the time being or such other firm of accountants as may from time to time be appointed by the Directors for these purposes;

(b) **"Business Day"** any day on which the banks in London and on the Isle of Man are open for normal, non-automated banking business (excluding Saturdays);

(c) **"dealing day"** means a day on which dealings take place on AIM;

(d) **"financial year"** means the financial year of the Company as determined in accordance with the Law;

(e) **"the Law"** means the Companies Acts 1931-2004 of the Isle of Man (as amended);

(f) **"United States Person"** means any person or entity defined as such in Rule 902(o) of the United States Securities Act 1933, as amended, and, without limiting the foregoing, includes any resident of the United States, or any corporation, partnership or other entity created or organised in or under the laws of the United States (including the estate of any such person, corporation or partnership created or organised in the United States); and

(g) **"United States"** mean the United States of America (including the States and District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

8.5 Any determination or adjustment made pursuant to these terms and conditions by the Directors or the Auditors shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Warrantholders.

8.6 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted.

8.7 The provisions of the Company's Articles as to notices to shareholders and untraced members shall apply *mutatis mutandis* to notices to Warrantholders.

8.8 The Warrants shall be governed by, and construed in accordance with, Isle of Man law.

# DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

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| "Administration Agreement" | the agreement between the Company and the Administrator, under which the Administrator has agreed to provide administration services to the Company, a summary of which is set out in section 8 of Part VIII of this document; |
| "Administrator" | Chamberlain Fund Services Limited, a company incorporated in the Isle of Man; |
| "Admission" | the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules; |
| "Admission Document" | this document, which constitutes an admission document for the purposes of the AIM Rules; |
| "AIM" | AIM, a market operated by the London Stock Exchange; |
| "AIM Rules" | the rules published by the London Stock Exchange from time to time governing admission to and the operation of AIM; |
| "Articles" | the articles of association of the Company, as amended from time to time; |
| "Benefit Plan Investor" | an investor subject to Title 1 of ERISA of section 4975 of the United States Internal Revenue Code; |
| "Board" or "Directors" | the directors of the Company, or where the context permits, the board of directors of the Company (or any duly authorised committee of such board); |
| "Business Day" | any day on which the banks in London and on the Isle of Man are open for normal non-automated banking business (excluding Saturdays); |
| "Carried Interest Partner" | Promethean Investments (Carry) Limited, a company incorporated in England and Wales (registered number 5466338); |
| "Co-investment Agreement" | the agreement between Promethean India Finance Pvt. Ltd., Mohit Burman, the Investment Manager and the Mauritius Companies, pursuant to which Promethean India Finance Pvt. Ltd. has conditionally agreed to co-invest with the Group, a summary of which is set out in section 8 of Part VIII of this document; |
| "Combined Code" | the Combined Code of Corporate Governance issued in July 2003; |
| "Company" | Promethean India plc, a public limited company incorporated in the Isle of Man (registered number 116518C); |
| "CREST" | means the computer-based system and procedures administered by CRESTCo which enable title to securities to be evidenced and transferred without a written instrument; |
| "CRESTCo" | CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST; |
| "CREST Regulations" | Uncertificated Securities Regulations 2005 (Isle of Man legislation); |

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| "Director" | a director of the Company; |
| "EIL Warrants" | the warrants to be conditionally allocated to Elephant India Limited, on satisfaction of certain conditions as more particularly discribed on page 42; |
| "ERISA" | the United States Employee Retirement Income Security Act of 1974, as amended; |
| "Exchange Act" | the United States Securities Exchange Act of 1934, as amended; |
| "Fairfax" or "Placing Agent" | Fairfax I.S. PLC, a public company limited by shares incorporated in England and Wales (registered number 05496355); |
| "FII" | a foreign institutional investor under the SEBI (Foreign Institutional Investor) Regulations, 1995 of India; |
| "Final IRR" | has the meaning given to it on page 24; |
| "FMCG" | fast moving consumer goods; |
| "FSA" | the Financial Services Authority; |
| "FSMA" | the Financial Services and Markets Act 2000 (as amended); |
| "GBC1" | global business category 1 licence from the Financial Services Commission in Mauritius; |
| "GDP" | gross domestic product; |
| "General Partner" | Promethean Investments (General Partner) Limited, a company incorporated in England and Wales (registered number 5466309); |
| "Grant Thornton" | Grant Thornton, the Company's auditors; |
| "Group" | the Company, the Limited Partnership and the Mauritius Companies collectively, or any of them individually, as the context may allow; |
| "IFRS" | International Financial Reporting Standards; |
| "Insinger" | Insinger de Beaufort, incorporated and registered in England and Wales with registered number 02479169; |
| "Internal Revenue Code" | the United States Internal Revenue Code of 1986, as amended; |
| "Investment Adviser" | Promethean India Advisors Private Limited, a company incorporated in India; |
| "Investment Advisory Agreement" | the agreement between the Mauritius Companies, the Investment Adviser and the Investment Manager, a summary of which is set out in section 8 of Part VIII of this document; |
| "Investment Company Act" | the United States Investment Company Act of 1940, as amended; |
| "Investment Manager" | Promethean Investments LLP, a limited liability partnership incorporated in England and Wales (registered number OC 313455) and authorised and regulated by the FSA; |
| "Investment Management Agreement" | the agreement between the Mauritius Companies, the Manager and the Investment Manager, a summary of which is set out in section 8 of Part VIII of this document; |

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| "IRR" | internal rate of return (which, in relation to the Company, means its annualised internal rate of return, in relation to the net proceeds of the Placing and amounts received from any further issues of Ordinary Shares (whether due to the exercise of Warrants or otherwise), taking into account all amounts received in respect of the Group's investments (whether in the form of income or capital, including proceeds on disposal), as if all of the Group's investments had been disposed of at market value as at the date of calculation, using the valuation methodologies set out at section 15 of Part II of this document); |
| "Law" | the Companies Acts 1931-2004 of the Isle of Man (as amended); |
| "Limited Partnership" | Promethean India L.P., an English limited partnership (registered number LP11933); |
| "London Stock Exchange" | London Stock Exchange plc; |
| "Manager" | Promethean 2 Limited, a company incorporated in the Isle of Man; |
| "Mauritius Companies" | Promethean India Investments Fund 1 and Promethean India Investments Fund 2, being companies incorporated in Mauritius with Category 1 Global Business Licences (Company numbers 63308/C1/GBL and 63309/C1/GBL respectively); |
| "Net Asset Value" | the net asset value of the Company or Group, calculated as provided for in paragraph 15 of Part II of this document (and Net Asset Value per Ordinary Share shall be construed accordingly); |
| "Official List" | the Official List of the UK Listing Authority; |
| "Operator" | the Investment Manager; |
| "Operator Agreement" | the agreement between the General Partner (for itself and for and on behalf of the Limited Partnership) and the Investment Manager, a summary of which is set out in section 8 of Part VIII of this document; |
| "Ordinary Shares" | the ordinary shares of 1p each in the capital of the Company; |
| "PFIC" | a passive foreign investment company; |
| "Placee" | subscriber for Placing Shares pursuant to the Placing; |
| "Placing" | the conditional placing by the Placing Agents, on behalf of the Company, of the Placing Shares pursuant to the terms and conditions of the Placing Agreement; |
| "Placing Agent" | the Company's placing agent being Fairfax I.S. PLC; |
| "Placing Agreement" | the agreement between the Company, Fairfax, Insinger and the Directors relating to the Placing, a summary of which is set out in paragraph 8.13 of Part VIII of this document; |
| "Placing Price" | £1.00 per Placing Share; |
| "Placing Shares" | up to 50,000,000 Ordinary Shares to be allotted and issued pursuant to the Placing, such allotment being conditional on Admission; |

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| "Prohibited Person" | any person, as determined by the Board, to whom a sale or transfer of shares:<br>1. would be in breach of the laws or requirements of any jurisdiction or governmental authority; or<br>2. may cause the Company to be classified as an "investment company" under the Investment Company Act; or<br>3. would result in an entity holding shares that is subject to Title I of ERISA, or section 4975 of the Internal Revenue Code or any entity whose assets are treated as assets of any such plan; or<br>4. in circumstances (whether taken alone or in conjunction with other persons or any other circumstances appearing to the Board to be relevant) which, in the opinion of the Board, might result in the Company and/or the members as a whole incurring any liability to taxation or suffering any other regulatory, pecuniary, legal or material administrative disadvantage that the Company might not otherwise have suffered or incurred,<br>and for this purpose U.S. Persons and Isle of Man residents without the consent of the Board are Prohibited Persons; |
| "Prohibited Territories" | Australia, Canada, the Isle of Man, India, Japan, the Republic of Ireland, the Republic of South Africa, and their respective states, territories and possessions; |
| "Promethean" | Promethean Investments LLP, a limited liability partnership incorporated in England and Wales (registered number OC 313455); |
| "Prospectus Rules" | the Prospectus Rules published by the FSA under Part VI of FSMA; |
| "QEF" | a qualified electing fund; |
| "Qualified Institutional Buyer" or "QIB" | a Qualified Institutional Buyer as defined in Rule 144A under the securities Act; |
| "Qualified Purchaser" or "QP" | a Qualified Purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act; |
| "Regulation S" | Regulation S under the Securities Act; |
| "Rule 144A" | Rule 144A under the Securities Act; |
| "Rupee" | the rupee, being the lawful unit of currency in India; |
| "SEBI" | Securities and Exchange Board of India |
| "Securities Act" | the United States Securities Act of 1933, as amended; |
| "Shareholder" | a holder of one or more Ordinary Share(s); |
| "Sterling" | pounds sterling; |
| "TPFD" | has the meaning given to it on page 25; |
| "UK" or "United Kingdom" | the United Kingdom of Great Britain and Northern Ireland; |

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| "UK Listing Authority" or "UKLA" | the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA; |
| "US" or "United States" | the United States of America, its territories and possessions, any state or political sub-division of the United States of America and the District of Columbia; |
| "US Holder" | any beneficial owner of Ordinary Shares that is, for US federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any States thereof, (iii) an estate the income of which is subject to United States federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US Persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes; |
| "US person" | a US person within the meaning of Regulation S; |
| "US Person" | a US Person within the meaning of the US Internal Revenue Code; |
| "Valuation Day" | 31 August and 28 February in each year plus such other Business Days as at which the Directors determine to calculate the Net Asset Value; |
| "Warrant" | a warrant to subscribe for Ordinary Shares, the terms and conditions of which are set out in the Warrant Instrument; |
| "Warrantholders" | holders of Warrants; and |
| "Warrant Instrument" | the deed poll executed by the Company setting out the terms and conditions of the Warrants. |

# Annex A

## Form of US Investor Certificate

Promethean India plc
3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

Insinger de Beaufort
131 Finsbury Pavement
London EC2A 1NT

Fairfax I.S. PLC
46 Berkeley Square
Mayfair
London W1J 5AT

Ladies and Gentlemen:

We are delivering this certificate in connection with our purchase of ● shares at an offer price of £1.00 per share (the "Ordinary Shares") and attached warrants (the "Warrants") of Promethean India plc, a closed-end investment company incorporated under the laws of the Isle of Man (the "Company").

We hereby represent, warrant, acknowledge and agree that:

1. We are:

   (i) a qualified institutional buyer (a "QIB") (within the meaning of Rule 144A under the US Securities Act of 1933, as amended (the "Securities Act")); and

   (ii) a "qualified purchaser" (within the meaning of Section 2(a)(51)(A) of the US Investment Company Act of 1940, as amended (a "QP")).

2. We are not a broker dealer who owns and invests on a discretionary basis less than $25 million in securities of unaffiliated issuers.

3. We are acquiring the Ordinary Shares and Warrants for our own account or for the account of one or more QIBs that are also QPs (each an "Account"), each of which is acquiring beneficial interests in the Ordinary Shares and Warrants ("Beneficial Interests") for its own account. If we are acquiring Ordinary Shares and Warrants for the account of one or more other persons, we have the full power and authority to make the representations, warranties and agreements in this letter on behalf of each such account.

4. We are aware, and each owner of Beneficial Interests in the Ordinary Shares and Warrants has been advised, that the sale of the Ordinary Shares and Warrants to us/it is being made in reliance on Rule 144A under the Securities Act or another exemption from the registration requirements of the Securities Act and that the Company has not been and will not be registered as an "investment company" under the US Investment Company Act of 1940.

5. We understand that the Ordinary Shares and Warrants are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Ordinary Shares and Warrants have not been and will not be registered under the Securities Act and that (A) if in the future we decide to offer, resell, pledge or otherwise transfer any of the Ordinary Shares and Warrants, such Ordinary Shares and Warrants may only be offered, resold, pledged or otherwise

transferred, and the Warrants may only be exercised, in compliance with the Securities Act and other applicable securities laws:

(i) in the United States or to, or for the account or benefit of, US person (as defined under Regulation S) in a transaction meeting the requirements of an applicable exemption from the registration requirements of the Securities Act to a person whom we reasonably believe is a QIB that is also a QP; or

(ii) outside the United States to investors that are not US persons acquiring for the account or benefit of a US person in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulations S under the Securities Act (including, for the avoidance of doubt a *bona fide* sale on the London Stock Exchange).

and (B) we will notify any subsequent purchaser of the Ordinary Shares and Warrants of the re-sale restrictions referred to in (A) above.

6. We were not formed for the purpose of investing in the Ordinary Shares or Warrants.

7. We acknowledge that any Ordinary Shares or Warrants in certificated form will bear the legend set out below:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR, EXCEPT AS SET OUT IN THE COMPANY'S AIM ADMISSION DOCUMENT (THE "PROSPECTUS"), THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THIS LEGEND. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (X) IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT TO A TRANSFEREE WHO IS (i) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND ALSO A "QUALIFIED PURCHASER" WITHIN THE MEANING OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (ii) OUTSIDE THE UNITED STATES PURCHASING THIS SECURITY IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT (INCLUDING, FOR THE AVOIDANCE OF DOUBT, A *BONA FIDE* SALE ON THE LONDON STOCK EXCHANGE) AND (Y) (1) UPON DELIVERY OF ALL OTHER CERTIFICATIONS, OPINIONS AND OTHER DOCUMENTS THAT THE COMPANY MAY REQUIRE AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. FURTHER, THE DIRECTORS HAVE THE POWER TO REQUIRE THE SALE OR TRANSFER OF THE SECURITY IF SUCH SALE OR TRANSFER WILL RESULT IN (i) THE ASSETS OF THE COMPANY CONSTITUTING "PLAN ASSETS" WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT ARE SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "INTERNAL REVENUE CODE") OR (ii) THE COMPANY BEING REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. EACH PURCHASER OR TRANSFEREE OF THIS SECURITY WILL BE REQUIRED TO REPRESENT OR WILL BE DEEMED TO HAVE REPRESENTED THAT (i) IT IS NOT AND IS NOT USING ASSETS OF A PLAN THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE AND (ii) IF IT IS A PERSON, THAT IT IS A "QUALIFIED PURCHASER", AND WILL BE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE COMPANY'S PROSPECTUS AND ARTICLES OF ASSOCIATION.

EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PROSPECTUS TO THE TRANSFEREE.

8. We are not a "Plan" (which term includes (i) employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), (ii) plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to such provisions of ERISA or the Code and (iii) entitles the underlying assets of which are considered to include "plan assets" of such plans, account and arrangements) and we are not purchasing the Shares on behalf of, or with the "plan assets" of, any Plan.

We acknowledge that you and others will rely upon our representations, warranties, acknowledgements and agreements, set forth herein, and we agree to notify you promptly in writing if any of our representations, warranties, acknowledgements or agreements herein cease to be accurate and complete. We hereby irrevocably agree that this certificate or a copy thereof may be reproduced to any interested party in any administrative or legal proceeding or official inquiry to the matters covered hereby.

We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the Ordinary Shares and Warrants and the execution of this certificate.

Very truly yours,

By:_____

Name:

Title:

Date: _____ 2007

# Annex B

## Form of Non-US Investor Certificate

Promethean India plc
3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

Insinger de Beaufort
131 Finsbury Pavement
London EC2A 1NT

Fairfax I.S. PLC
46 Berkeley Square
Mayfair
London W1J 5AT

Ladies and Gentlemen:

We are delivering this certificate in connection with our purchase of ● shares at an offer price of £1.00 per share (the "Ordinary Shares") and attached warrants (the "Warrants") of Promethean India plc, a closed-end investment company incorporated under the laws of the Isle of Man (the "Company").

We hereby represent, warrant, acknowledge and agree that:

1. We are a person who, at the time the buy order for the Ordinary Shares and Warrants was originated, was outside the United States and was not a US person (as defined in Regulation S under the US Securities Act of 1933, as amended), was not purchasing for the account or benefit of a US person, and was not formed for the purpose of investing in shares of the Company.

2. We are not a "Plan" (which term includes (i) employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), (ii) plans, individual retirement accounts and other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to such provisions of ERISA or the Code and (iii) entitles the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and we are not purchasing the Shares on behalf of, or with the "plan assets" of, any Plan.

We acknowledge that you and others will rely upon our representations, warranties, acknowledgements and agreements, set forth herein, and we agree to notify you promptly in writing if any of our representations, warranties, acknowledgements or agreements herein cease to be accurate and complete. We hereby irrevocably agree that this certificate or a copy thereof may be reproduced to any interested party in any administrative or legal proceeding or official inquiry to the matters covered hereby.

We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the Ordinary Shares and Warrants and the execution of this certificate.

Very truly yours,

By:_____

Name:

Title:

Date: _____ 2007