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This document is an admission document required by the rules of the AIM market of the London Stock Exchange plc ("AIM"). This document does not comprise a prospectus for the purposes of the Prospectus Rules made by the UK Listing Authority and it has not been seen and will not be examined or approved by the United Kingdom Listing Authority in accordance with such rules. This document has not been delivered to the Isle of Man Financial Supervision Commission for registration as a prospectus pursuant to section 38 of the Isle of Man Companies Act 1931 on the basis that the offer of Ordinary Shares constituted hereby is a "Private Placement" as defined in the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000. This document and the Placing have not been approved by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL from the date of this document until one month from the date of Admission in accordance with rule 3 of the AIM Rules.

The Directors of Evolvence India Holdings Plc (the "Company"), whose names appear on page 8 of this document, as well as the Company itself, accepts responsibility for all the information contained in this document. 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 importance of such information.

**Application has been made for the Ordinary Shares, issued and to be issued pursuant to the Placing, 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. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. 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 plc has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 23 March 2007.**

The whole text of this document should be read and your attention is drawn in particular to the section entitled "Risk Factors" in Part I of this document.

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# Evolvence India Holdings Plc

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931-2004 with registered number 118297C)*

## **Placing of 65,000,000 ordinary shares of 1p each at \$1.00 per share and Admission to trading on AIM**

*Nominated Adviser*

**Seymour Pierce Limited**

*Broker and Lead Financial Adviser*

**Fairfax I.S. PLC**

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Seymour Pierce Limited ("Seymour Pierce") which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Seymour Pierce will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Seymour Pierce nor for providing advice in relation to the transactions and arrangements detailed in this document. The responsibilities of Seymour Pierce as the Company's nominated adviser for the purposes of rule 17 of Part II of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any parts of this document. Seymour Pierce is not making any representation or warranty, express or implied, as to the contents of this document and accordingly without limiting the statutory rights of any recipient of this document, no liability is accepted by Seymour Pierce for the accuracy of any information or opinions contained in this document or for omissions of any material information for which it is not responsible.

Fairfax I.S. PLC ("Fairfax"), which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no-one else in connection with the Placing and the proposed Admission. Fairfax will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Fairfax nor for providing advice in relation to the transactions or arrangements detailed in this document. Fairfax is acting for the Company as Broker and no one else in connection with the matters described in this document.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. Neither the United States Securities Exchange Commission nor any state securities commission or other regulatory authority has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offence. The Ordinary Shares may be offered or sold only in accordance with Rule 903 or 904 of Regulation S under the Securities Act in transactions exempt from, or not subject to registration under, the securities laws of the relevant jurisdictions. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada, no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investment Commission, and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, in the United States of America, Canada, Australia or Japan or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S under the Securities Act) or to any national, citizen or resident of Canada, Australia or Japan. This document (or any part of it) is not to be reproduced, distributed, passed on, or the contents otherwise divulged, directly or indirectly, in or into the United States of America, Canada, Australia or Japan, or in any country, territory or possession where to do so may lead to a breach of any legal or regulatory requirement.

No Ordinary Shares have been offered or sold, or will be offered or sold, to the public in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the "Prospectus Directive") prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the relevant Member State or, where appropriate, approved by the competent authority in another Member State and notified to the competent authority in the relevant Member State, all in accordance with the Prospectus Directive except: (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (ii) to any legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or (iii) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

This document has not been registered with the Securities and Exchange Board of India ("SEBI") and may not be distributed directly or indirectly in India or to Indian residents and the Ordinary Shares are not being offered and may not be sold directly or indirectly in India or to or for the account of any resident of India. The Ordinary Shares will neither be registered nor approved by SEBI nor by any other legal or regulatory authority in India.

For additional ownership restrictions, see "Ownership Restrictions" on page 34.

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## PLACING STATISTICS

Placing Price	\$1.00
Number of Ordinary Shares being issued pursuant to the Placing	65,000,000
Number of Ordinary Shares in issue following the Placing and Admission	65,000,002
Estimated expenses of the Placing payable by the Company	\$4.6 million
Estimated net proceeds of the Placing receivable by the Company	\$60.4 million
Market capitalisation at the Placing Price	\$65.0 million
ISIN	IM00B1HYQW54
EPIC	EIH

The above statistics assume that the Placing is subscribed in full.

Unless otherwise indicated, this document translates figures in U.S. Dollars into pounds sterling or *vice versa*, at the exchange rate of US\$1 = £0.51.

## EXPECTED TIMETABLE

Payment from Placees in uncertificated form through CREST	23 March 2007
Admission to trading on AIM and commencement of dealings	23 March 2007
CREST stock accounts credited (as applicable)	23 March 2007
Definitive share certificates despatched (as applicable)	week commencing 2 April 2007

## DEFINITIONS

“Act” or “Acts”	the Isle of Man Companies Acts 1931 to 2004 (as amended)
“Administrator”	Equity Limited, or such other administrator that may be appointed by the Company from time to time
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
“AIF”	Accent India Fund, a scheme of the UTI Private Equity Trust which is registered as a venture capital fund pursuant to the SEBI Regulations 1996
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM rules for companies, as published by the London Stock Exchange
“Articles”	the articles of association of the Company
“Benefit Plan Investor”	Benefit Plan Investor as defined in section 3(4.2) of the U.S. Employee Retirement Income Security Act 1974, as amended
“BIPEF II”	Baring India Private Equity Fund II
“Board” or “Directors”	the board of directors of the Company including a duly constituted committee thereof
“BOT”	build, operate and transfer
“BPEP India”	Baring Private Equity Partners (India) Private Limited, a member of Baring PE International
“BPO”	business process outsourcing
“BRIC”	Brazil, Russia, India and China
“Broker”	Fairfax I.S. PLC
“B.V.I.”	British Virgin Islands
“Chairman”	Mr Khaled Al-Muhairy
“Code”	City Code on Takeovers and Mergers
“Company” or “EIH”	Evolve India Holdings Plc, a company incorporated in the Isle of Man with registered number 118297C
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“CREST Regulations”	the Uncertificated Securities Regulations 2005 of the Isle of Man
“CREST Service Provider”	Capita Registrars (Jersey) Limited
“Direct Investments”	direct investments by EIH in Indian focused businesses
“Directive”	the EU Savings Tax Directive (Council Directive 2003/48/EC)

“Disenfranchisement Notice”	a notice whereby a holder of shares is disenfranchised due to a lack of response to an Information Notice
“DPC”	Distributable Profits Charge, a taxation regime in the Isle of Man
“EAS”	Evolve Advisory Services Private Limited, a company incorporated in India
“Evolve India Advisors” or “EIA”	Evolve India Advisors Incorporated, a company incorporated in the B.V.I. with registered number 1062819
“EIF” or “Evolve India Fund”	Evolve India Fund PCC, a public protected cell company incorporated in Mauritius
“EIF Investment Manager”	EIF Managers Limited, a company incorporated in Mauritius
“EIF Subscription Agreement”	the agreement to be executed between the Company and EIF pursuant to which the Company will commit Investible Funds to EIF as described in paragraph 12 of Part IX of this document
“EILSF” or “Evolve India Life Sciences Fund”	Evolve India Life Sciences Fund LLC, a limited life and limited liability company limited by shares incorporated in Mauritius
“EILSF Investment Manager”	3Logi Capital LLC, a company incorporated in Mauritius
“EILSF Subscription Agreement”	the agreement to be executed between the Company and EILSF pursuant to which the Company will commit Investible Funds to EILSF as described in paragraph 12 of Part IX of this document
“Equity Limited”	Equity Limited, a company incorporated in the Isle of Man with registered number 088620C
“ERISA”	Employee Retirement Income Security Act of 1974, a United States federal statute
“Evolve Capital”	Evolve Capital Limited, a company incorporated in the B.V.I. with registered number 460640
“Fairfax”	Fairfax I.S. PLC
“FDI”	foreign direct investment
“FSMA”	Financial Services and Markets Act 2000
“GDP”	gross domestic product
“IAS”	Invascent Advisory Services India Private Limited, a company incorporated in India
“IDF II”	IDFC Private Equity Fund II, a unit scheme of an irrevocable trust set up by IDFC under the Indian Trusts Act 1882 and registered under the Registration Act 1908 and which is registered with SEBI under the SEBI Regulations 1996, as a venture capital fund
“IDFC”	Infrastructure Development Finance Co Limited
“IIML”	IL&FS Investment Managers Limited
“IL & FS”	Infrastructure Leasing & Financial Services Limited, a company incorporated in India
“Information Notice”	a notice served upon a member of the Company requiring the disclosure of information in relation to all or any shares registered in such member’s name of any beneficial interest of any third party

	in the Ordinary Shares the subject of the notice or any other interest of any kind whatsoever which a third party may have in Ordinary Shares
“Investment Advisors”	the proposed investment advisors to the Investment Manager, which are Evolence Advisory Services Private Limited and Invascent Advisory Services India Private Limited
“Investible Funds”	those cash funds available to EIH from the Placing after allowing for the expenses of the Placing, Investment Manager fees and performance bonus as well as ongoing administrative expenses of EIH
“Investment Management Agreement”	the investment management agreement between: (i) the Company; and (ii) the Investment Manager as fully described in paragraph 12 of Part IX of this document
“Investment Manager”	Evolence India Advisors
“IRR”	internal rate of return
“IVF II”	India Value Fund II, a contributory trust, settled in India
“Law”	the Isle of Man Companies Acts 1931 to 2004 and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
“LIF”	Leverage India Fund, a unit scheme of the IL&FS Private Equity Trust in India under the Indian Trusts Act
“London Stock Exchange”	London Stock Exchange Plc
“Managers”	the EIF Investment Manager, the EILSF Investment Manager and the investment managers of the Primary Funds
“Memorandum”	the memorandum of association of the Company
“Net Asset Value”	the net asset value of the Company
“Net Proceeds of the Placing”	the gross proceeds of the Placing less the expenses of Admission, including VAT
“NYLIM II”	New York Life Investment Management India Fund II
“NYLIM-JB”	New York Life Investment Management-Jacob Ballas Asset Management Co. (Mauritius) LLC
“1986 Act”	the Companies Act 1986 of the Isle of Man
“Nominated Adviser” or “NOMAD”	Seymour Pierce Limited
“obligation of disclosure”	as defined in paragraph 4 of Part IX of this document
“offer notice”	as defined in paragraph 4 of Part IX of this document
“Offer Shares”	as defined in paragraph 4 of Part IX of this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Participating Security”	as defined in paragraph 4 of Part IX of this document
“Placing”	the placing by Fairfax of 65,000,000 Placing Shares at the Placing Price pursuant to the Placing Agreement and as described in this document

“Placing Agreement”	the agreement dated 19 March 2007 between: (i) the Company; (ii) the Directors; (iii) Seymour Pierce; and (iv) Fairfax relating to the Placing, as described in paragraph 12 of Part IX of this document
“Placing Agent”	Fairfax
“Placing Price”	\$1.00 per Placing Share
“Placing Shares”	65,000,000 new Ordinary Shares to be issued pursuant to the Placing
“Primary Funds”	those private equity funds in which EIF has acquired or will acquire an interest, directly or indirectly, which presently consist of, but are not limited to, AIF, BIPEF II, IDF II, IVF II, LIF, NYLIM India Fund II
“PwC”	PricewaterhouseCoopers Private Limited, a company incorporated in India
“QCA”	Quoted Companies Alliance
“QCA Guidelines”	Corporate Governance Guidelines for AIM Companies published by the QCA
“Regulation S”	Regulation S under the United States Securities Act of 1933, as amended
“Relevant Members”	as defined in paragraph 4 of Part IX of this document
“Relevant Shares”	as defined in paragraph 4 of Part IX of this document
“Rupees” or “Rs”	the lawful currency of India
“SEBI”	Securities and Exchange Board of India
“Securities Act”	United States Securities Act 1933, as amended
“Seymour Pierce”	Seymour Pierce Limited
“Shareholders”	holders of Ordinary Shares
“SPV”	special purpose vehicle
“Sterling” or “£”	the lawful currency of the United Kingdom and the Isle of Man
“Subscription Agreements”	the EIF Subscription Agreement and the EILSF Subscription Agreement
“Taxes Act”	UK Income and Corporation Taxes Act 1988
“Uncertificated Regulations”	the Isle of Man Uncertificated Securities Regulations 2005
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“United Kingdom Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part 8 of the FSMA
“Underlying Funds”	Evolve India Fund and Evolve India Life Sciences Fund
“U.S.”	United States of America
“US Dollars” or “Dollars” or “\$”	the lawful currency of the United States of America
“U.S. persons”	U.S. person as defined in Regulation S under the United States Securities Act of 1933, as amended
“UTI”	Unit Trust of India
“UVF”	UTI Venture Funds Management Company Pvt. Ltd.
“VAT”	value added tax

## DIRECTORS AND ADVISERS

### Directors

Mr Khaled Salem Musabeh H Almehairi  
("Khaled Al-Muhairy")  
*Non-executive Chairman*

Mr Venkatarajan ("Jay") V. Jegannathan  
*Chief Executive Officer*

Mr Christopher William Knight  
("William Knight")  
*Non-executive Director*

Mr Mohamed Abdel-Hadi  
*Non-executive Director*

### Company Secretary and Registered Office

Andrew Baker  
15-19 Athol Street  
Douglas  
Isle of Man IM1 1LB

### Administrator

**Equity Limited**  
15-19 Athol Street  
Douglas  
Isle of Man IM1 1LB

### Investment Manager

**Evolence India Advisors Incorporated**  
Sea Meadow House  
Blackburne Highway  
P.O. Box 116  
Road Town  
Tortola  
British Virgin Islands

### Nominated Adviser

**Seymour Pierce Limited**  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL

### Placing Agent and Broker

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

### Solicitors to the Placing

**Faegre & Benson LLP**  
7 Pilgrim Street  
London EC4V 6LB

### English Legal Adviser to the Company

**Kirkland and Ellis International LLP**  
30 St. Mary Axe  
London EC3A 8AF

### Isle of Man Legal Adviser to the Company

**Cains Advocates Limited**  
15-19 Athol Street  
Douglas  
Isle of Man IM1 1LB

**Indian Legal Adviser to the Company**

**Prashant Deshpande & Associates**

154 Maker Chambers III  
Nariman Point  
Mumbai 400 021  
India

**Reporting Accountants**

**KPMG LLP**

8 Salisbury Square  
London  
EC4Y 8BB

**CREST Service Provider**

**Capita Registrars (Jersey) Limited**

Victoria Chambers  
Liberation Square  
1/3 The Esplanade  
St Helier  
Jersey JE2 3QA

**Financial Public Relations**

**Cardew Group**

12 Suffolk Street  
London  
SW1Y 4HG

**Auditors**

**KPMG Audit LLC**

Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM99 1HN

# SUMMARY

## Introduction

EIH is an Indian private equity fund of funds holding company to be listed on AIM. The Directors believe that the public listing of EIH should provide investors with access to a diversified Indian private equity portfolio while mitigating issues usually associated with private equity investments, such as a lack of liquidity and relatively large minimum investment size.

## India as an investment destination

India has one of the fastest growing economies in the world. It has been expanding at an average rate of 6 per cent. per annum over the last ten years and the Asian Development Bank expects the economy to continue to grow over the next decade. A report on BRIC economies by Goldman Sachs in 2003 predicted that India will be the world's third largest economy by the year 2050, behind only China and the United States. However, a report by the Asian Development Bank suggests that India may reach such a position on the basis of purchasing power parity in as little as ten years.

The Directors believe that India is an attractive investment destination due to, amongst others, the following factors: (i) rapid economic expansion led by the growth of the services sectors; (ii) an average economic growth of approximately 6 per cent. per annum over the last 25 years and the potential for double-digit growth in the future; and (iii) favourable demographics with a large, skilled working-age population.

## Private equity in India

The Directors believe that the Indian economy is on the verge of significant expansion and that private equity offers an attractive way of leveraging on India's economic growth story. Private equity investment in India for the year ended 31 December 2006 amounted to approximately \$7 billion.

## Investment Structure of Evolvence India Holdings Plc

It is intended that EIH will initially commit the Investible Funds, directly or indirectly through subscriptions or acquisitions of existing interests, approximately:

- 70 per cent. of the Investible Funds to the Evolvence India Fund (of which approximately 31 per cent. of the Investible Funds will be invested in alfa cell of the fund and approximately 39 per cent. will be invested in beta cell of the fund);
- 10 per cent. of the Investible Funds to the Evolvence India Life Science Fund; and
- 20 per cent. of the Investible Funds to Direct Investments.

The Directors may alter the above allocation and/or commit the Investible Funds to other India focused private equity funds or otherwise among Investible Funds and Direct Investments depending on market conditions and the availability of investment opportunities.

## EIH investment criteria

The Directors intend to use the following principal investment criteria in making their investment choices: (i) a primary focus on India; (ii) a proven track record of achieving investment returns; (iii) a stable fund management team (teams that have been established for at least three years); (iv) a deal pipeline; and (v) a willingness to share co-investment opportunities.

## Evolvence India Fund

EIF currently has already committed or invested funds in 54 companies held through six underlying private equity funds in which EIF has invested directly or indirectly, as well as making co-investments in four of these companies on a co-investment basis. The EIF investment portfolio provides exposure to 38 unlisted companies and 16 publicly listed companies covering a number of industry sectors. The market capitalisations of the listed companies in which such investments have been made have risen in aggregate by approximately 85

per cent. and the value of investments in the unlisted companies and co-investments are estimated by EIF to have increased in value by approximately 53 per cent. and 56 per cent. respectively, resulting in an overall increase in value of approximately 62 per cent. EIF's policy of co-investment allows for direct investment in Indian companies. The Directors believe that this enables Shareholders to leverage those Indian companies that have, in the opinion of the Directors, demonstrated exceptional growth, and gain access to deals in India.

### **Evolve India Life Sciences Fund**

EILSF is being created to make private equity investments in life sciences businesses that are based in India, as India's share in the global pharmaceutical industry is growing at 10 per cent. per annum, which is faster than the underlying industry growth of 7 per cent. The main drivers are: (i) generic drugs – rising healthcare costs in the developed world have led to pressure to substitute pharmaceutical products with cheaper generic versions, of which it is anticipated that a growing percentage will be produced in India; (ii) domestic demand – in a society with a fast-growing emerging middle class, healthcare expenditure is predicted to increase more rapidly than GDP; and (iii) research and development outsourcing – India is expected to be a leading player in the field of outsourcing of certain aspects of the research and development process from higher cost to lower cost countries.

### **EIH Dividend policy**

The Directors currently intend for the Company to distribute a substantial portion of its distributable profits as dividends. The Directors expect that dividends paid by EIH during the initial few years following Admission will be lower, in absolute terms, than subsequent dividends, reflecting the time required for the Company to invest the Investible Funds and to realise investments. During the initial few years following Admission, the Company intends to distribute its distributable profits as dividends after making appropriate provisions for capital calls, expenses and other liabilities. Thereafter, the Company intends to make distributions sufficient to provide investors with a dividend yield of 6 per cent. per annum.

### **EIH Management team**

The Board, the Investment Manager and the intended Investment Advisors have considerable experience in private equity, venture capital and hedge fund portfolio management, corporate transaction structuring and fund analysis. This experience was typically obtained whilst working for leading US, UK and Indian financial institutions. In addition, due to the established business networks in India that the Directors believe they have, the Directors expect the Investment Manager and Investment Advisors to provide EIH with the required deal flow, thereby allowing it to execute EIH's Direct Investment strategy.

## PART I

### Risk Factors

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, before deciding whether to invest in the Ordinary Shares, prospective investors should carefully consider the risks described below, together with all other information contained in this document. If any of the following risks actually occur, the Company's financial condition, business, performance and/or prospects could be materially adversely affected. In such case, the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company's financial condition, business, performance and/or prospects.

The Directors believe the following risks to be the most significant for prospective investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in market and economic conditions and in legal, regulatory and tax requirements. An investment in the Company is, therefore, suitable only for financially sophisticated prospective investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If prospective investors are in any doubt about the contents of this document or whether prospective investors should make an investment in the Company, prospective investors should consult a stockbroker, accountant or other independent financial adviser authorised under FSMA.

Investors should also take their own tax advice as to the consequences of their owning Ordinary Shares in the Company as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any Ordinary Shares and neither the Company, the Directors, the Investment Manager, Seymour Pierce nor Fairfax will be responsible for any tax consequences for any such investors.

#### *Company Related Risks*

##### **New company**

The Company was incorporated on 10 November 2006 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective. The past performance of assets or funds managed by the Directors is not necessarily indicative of the future performance of the Company. There can be no assurance that the Company will be able to achieve the returns referred to in this document and there can be no assurance that the Company will be able to return any or all of the original principal investment in the Company being made by each investor.

##### **Dependence on management and the Directors**

The continued success of the Company will depend to a large extent on the continued services of the Directors of the Company, the Investment Manager and the Managers. The Company's ability to provide returns to Shareholders and achieve its investment objectives is substantially dependent on the performance of the Investment Manager in the identification, acquisition and disposal of investments, the management of such investments and the determination of financing arrangements. The Board will monitor the performance of the Investment Manager. However the Investment Manager's effective performance cannot be guaranteed in any way. Failure by the Investment Manager to identify, acquire and manage investments effectively could have a material adverse effect on the Company's financial condition, business, performance and/or prospects. In addition, the Company has no employees and no separate facilities and is reliant entirely on the Investment Manager, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Company is subject to the risk that, if the Investment Manager terminated the Investment

Management Agreement, no suitable replacement could be found or would exist. The loss of any or all of the Directors of the Company, the Managers and the Investment Manager, or the individuals involved within such Managers or Investment Manager could have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Conflicts of interest**

The Company is engaged in a broad spectrum of investment activities and its Directors and the Investment Manager are not restricted from working on matters unrelated to the Company. Additionally, Evolvence Capital, EIF Investment Manager, the shareholders of the Investment Manager, and certain of the Directors as well as some of the directors of EIF, EILSF, EAS, IAS or any other related companies may also have potential conflicts of interest: (i) in relation to their roles as regards EIH and/or other related companies; and (ii) have other interests and operations in Asia, including India. Further, both EAS and IAS may advise multiple entities within the greater 'Evolvence' group of companies as to the same investment and this could raise certain conflicts of interest. The Company may, from time to time, enter into transactions with its affiliates, but only after approval of the Board and subject to compliance with the AIM Rules and the Acts. The Company may buy interests in assets or companies at the same time as other entities that are affiliated with the Company or affiliated with or managed by the Investment Manager or its affiliates are buying interests in such assets or companies. The Company may also, from time to time, buy assets from other entities that are affiliated with or managed by the Investment Manager or its shareholders. All such transactions will be conducted on arm's length commercial terms and under conditions consistent with fair market value and industry practice and only after the approval of the independent Directors and subject to compliance with the AIM Rules.

### **Minority shareholdings and investments with third parties**

The Company and the Primary Funds will generally hold less than 50 per cent. of the outstanding equity in a company in which it invests. The fact that the Company may hold minority equity positions and may be required to use nominees or trustees to hold certain investments, or accept certain business or other arrangements that are not commonly recognised or possibly difficult to enforce or are not enforceable under current laws, may mean the Company's ability to protect its investments is limited.

Additionally, the Company may co-invest with third parties through SPVs and may accept non-controlling interests in such SPVs and therefore, will not have controlling interests in the target companies of any such SPVs. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-venturer may have financial difficulties that have a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Company, or may be in a position to take action contrary to the Company's investment objectives. In certain circumstances the capital distributions paid to EIF from the Primary Funds may be subject to clawback, which could result in reduced dividends from EIH. In addition, the Company may in certain circumstances be liable for the actions of its third party partners or co-venturers.

### **Competition**

The Directors believe that a large number of private equity and direct investment funds have become active in seeking investment opportunities with a focus on India. The Company may face significant competition from domestic investors, other foreign investment funds and strategic investors. Recently a number of private equity funds have been formed for the purpose of investing in the Indian market and additional funds with similar investment objectives may be formed in the future. A number of competitors have greater financial resources than the Company. Competition for attractive investment opportunities may lead to higher prices which may affect the Company's ability to invest on terms which the Investment Manager considers attractive. Additionally, there can be no assurance that the Company will be able to identify and secure investments that satisfy its rate of return objective nor realise their values, nor that it will be able to fully invest its available capital. Such conditions may have a material adverse effect on the Company's ability to secure attractive investment opportunities and consequently on the Company's financial condition, business, performance and/or prospects. This in turn may have an adverse effect on the Net Asset Value and the market price of the Ordinary Shares.

### **Nature of investments**

EIH, the Primary Funds and the Underlying Funds may make investments in newly established or early stage companies in India. Investments in early stage, less established companies may carry a greater risk than is usually associated with more established companies, which often have a historical record of performance.

It is likely that the performance of the Company's investments will also be affected by the general economic conditions, including the rate of GDP growth and consumer sentiment of India, Asia and the wider global economy. There can be no assurance that the capital appreciation sought by the Company will be achieved. The Company may lose some or all of the capital it invests in any particular investment, which loss could have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

Additionally, certain aspects of the Underlying Funds' investment strategy may result in a lesser degree of diversification than was originally envisaged. As part of such strategy, the Underlying Funds intend to make investments in the Primary Funds or other investments and then proceed to leverage off such Primary Fund or other investment advisors or co-investors expertise in order to make co-investments.

EIH has a similar strategy. This decreased diversification could result in a decreased spread of risk and could therefore have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Dividends and distributions in kind**

The amount of dividends or distributions in kind to be declared by the Company will be based on the results of operations. The Company currently intends to distribute a substantial portion of its distributable profits as dividends. The Company expects that dividends paid during the initial few years following Admission will be lower, in absolute terms, than subsequent dividends, reflecting the time required for the Company to invest the Net Proceeds of the Placing. There can be no assurance that the Company will be able to pay dividends. Each of the EIF Investment Manager and EILSF Investment Manager have the ability to make distributions to shareholders in cash or by way of marketable securities and property *in specie*. If and when such distributions are made, EIH may not have the capacity or the infrastructure to hold and value such assets on a going concern basis. EIH may incur extra costs in establishing a mechanism for holding and potentially managing such investments and this could have a material adverse effect on the value of such distribution to EIH. Additionally, upon an insolvency event occurring and/or liquidation of the Company, distributions could consist of securities or other assets for which there is no readily available public market and/or may prove to be illiquid.

### **Risk to distributions**

The Company's distributions will be made up of, in large part, distributions received through the Company's two major planned investments in EIF and EILSF. Such distributions received by EIH from EIF and EILSF may be required to be returned to EIF and EILSF in certain instances. As such, there is no guarantee that distributions received by EIH will not be clawed back and/or required to be returned to EIF and EILSF by their respective investment managers at a future date. Similar provisions could also affect certain proposed Direct Investments or some or all of the Primary Funds. Such an event could have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Ability to realise investments**

Investments in India may be difficult, slow or impossible to realise. The Company will be subject to the general risks incidental to equity investment in the relevant market sectors, including general economic conditions, poor management of the target company, increasingly competitive market conditions, changing sentiment and increasing costs, amongst others. The marketability and value of any investment will depend on many factors beyond the control of the Company and there can be no assurance that an exit through various avenues including a trade sale, buyback or listing of the Company's interest in any target company will be realised.

The Directors believe that a substantial portion of the investments by the Company, the Underlying Funds and the Primary Funds are or will be in unlisted companies whose securities should be considered illiquid. Illiquidity may affect the ability of the Company, the Underlying Funds and the Primary Funds to acquire and

dispose of such investments. The Company expects that it may exit its investments by listing on an international stock exchange, negotiating trade sales or structuring exits by contract. However, if these exit strategies fail, the lack of marketability of an investment may severely reduce the value of the investment. Equally, the length of time required to identify an alternative exit strategy may reduce the return on such an investment. If a target company is listed, the Company may be subject to lock-up restrictions that may restrict the ability of the Company to dispose of its investment, which may reduce the Company's return on that investment.

There is no certainty that future changes to the laws and regulations applicable to ownership interests in companies in India will not have a material adverse effect on the Company's investments which could in turn have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Exchange rate fluctuations**

The Company anticipates that revenues and expenses as well as its assets and liabilities will be predominantly denominated in US Dollars. As a result the Company will be subject to the effects of exchange rate fluctuations. The Directors do not intend to implement a hedging policy and as such the value of the Company's assets and the amount of income available for distribution may be affected by movements in exchange rates between the US Dollar and other currencies. The Company will report its results of operations and its financial condition in US Dollars. Following Admission, the price of Ordinary Shares will be quoted on AIM in US Dollars. The Company will declare its dividends (if any) in US Dollars and the amount received by Shareholders will be an amount in US Dollars.

A significant portion of the investments of the Company, the Primary Funds and the Underlying Funds will be made in securities of companies in India and the income or capital realisations received from such investments as well as the income or capital realisations received from any Direct Investments will be denominated in Rupees, whereas capital contributions by the Company will be in US Dollars. Further, in the past, the exchange rate between Rupees and the US Dollar has been subject to significant fluctuations and there can be no assurance that such fluctuations will not occur in the future.

### **Risks related to the political, economic and social conditions in India**

Political, economic and social factors, as well as the status of India's relations with other countries may have an adverse effect upon the value of the Company's investments. The Company does not intend to obtain political risk insurance. Future actions by Indian government entities could have a significant effect on the Indian economy, which could in turn adversely affect private sector companies, market conditions and prices and yields of the Company's portfolio of assets. The occurrence of local unrest or external or internal tensions could adversely affect India's political and economic stability and consequently, adversely affect the Company's portfolio of assets. In addition, the Indian economy may differ favourably or unfavourably from other economies in several respects, including the rate of growth of GDP, the rate of inflation, resource self-sufficiency and balance of payments position. Changes in economic conditions in India including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends as well as other factors may have an adverse effect on the value of the Company's portfolio of assets and the Company's financial condition, business, performance and/or prospects.

### **Government influence on the economy**

There is a legacy of high state involvement in the Indian economy. Any change in the level of state involvement in such matters could have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Foreign investment and ownership restrictions**

The Indian Government restricts foreign investment in certain sectors and activities. These restrictions have been, in certain circumstances, eased to permit foreign investment. There is no guarantee however, that this Government tendency to ease restrictions, will continue and any reversal of policy could have material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Impact of law and government regulation in India and Mauritius**

The Company and the Underlying Funds will need to comply with laws and regulations. Compliance with and enforcement of such laws and regulations could have the effect of increasing the operating expenses of the Company and thereby lowering the income or rate of return from the Company, as well as affecting the value of the Company's assets. Certain Indian government approvals, including approvals from the SEBI may be required before the Company can make certain investments. Any delays or failures to achieve such approvals may negatively affect the Company's financial condition, business, performance and/or prospects. Changes in Indian law could have a material adverse effect on the value of Ordinary Shares. New laws may be introduced which may be retrospective. The profitability of the Company will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. A failure by the Company or the Underlying Funds to obtain or to continue to comply with all necessary approvals, licenses or permits, including renewals thereof or modifications thereto, or any delays caused in obtaining such consents due to objections from third parties, may adversely affect the Company's financial condition, business, performance and/or prospects. Additionally, the effectiveness of the Indian judicial systems may present difficulties and delays in successfully pursuing claims and enforcing rights.

### **Regulatory and accounting practices**

Accounting, auditing, disclosure and regulatory standards applicable to India differ in some respects and are comparatively less stringent or less stringently enforced than in European and North American equity markets and may not provide the level of details or disclosure which investors might otherwise expect.

### ***General Risks***

#### **AIM**

The Ordinary Shares will be admitted to AIM and it is emphasised that no application is being made for admission of the Ordinary Shares to the Official List or to trading on any other stock exchange. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this document. 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.

#### **Volatility of the value of the Ordinary Shares**

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value.

#### **Lack of liquidity of the Ordinary Shares**

Although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that a liquid market for the Ordinary Shares will develop at any time after Admission. Shareholders who need to dispose of their Ordinary Shares may not be able to do so at prices that do not fully reflect the Net Asset Value per Ordinary Share. The Ordinary Shares may not be sold or otherwise transferred in the United States or to, or for the benefit or account of, U.S. Persons or in Canada, Australia or Japan or to any national, resident or citizen of Canada, Australia or Japan.

### **Market value of Ordinary Shares**

The market value of, and the income derived from, the Ordinary Shares can fluctuate. Investors may not recover the full value of their investment. The market value of the Ordinary Shares, as well as being affected by the Net Asset Value, also takes into account the relevant dividend yield and prevailing interest rates. As such, the market value of the Ordinary Share may vary considerably from the underlying Net Asset Value. The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders may only be able to realise their investment through the market.

### **Ownership restrictions**

Your ability to invest in or transfer the Ordinary Shares may be limited by certain limitations imposed by the Board pursuant to the Articles as a result of considerations relating to the U.S. Securities Act, U.S. Investment Company Act, the U.S. Internal Revenue Code, the U.S. Employee Retirement Income Security Act of 1974, as amended, (ERISA), and certain other laws. These restrictions, among other things, allow the Company to, in certain instances, demand the transfer of, and if not forthcoming, force the forfeiture of, the Ordinary Shares, by holders who would be likely to cause the Company to face any adverse affect or regulation as a result of such holder remaining a shareholder of the Company.

### **Risks relating to acquisitions of outstanding interests in private equity funds**

The Company may from time to time acquire interests in the Direct Funds from existing investors in those funds. The acquisition of such interests will subject the Company to any contingent liabilities that are attached to those interests. In particular, as the holder of these interests, the Company will be primarily liable to fund capital calls that may be made by such funds to recoup past distributions as a result of liabilities incurred in respect of investments that were made before the acquisition of such interests, including as a result of claims made under indemnification arrangements with purchasers of portfolio investments. While the Company may be able to make a claim against the seller of the interest for the amount that is required to be contributed on account of past investments, there can be no assurance that the seller would be willing or able to satisfy any claim that may be brought or that any such claim would be successful.

### **Tax related risks**

The tax regime which currently applies in India may change, thereby negatively affecting the Company's investments in Indian companies. The tax regimes which currently apply in the UK, the U.S., the Isle of Man, B.V.I. and Mauritius may change, thereby negatively affecting the Company's tax treatment in these jurisdictions.

Investors should take their own tax advice as to the consequences for them of owning Ordinary Shares, as well as the consequences for them of receiving income and capital returns from such shares. In particular, investors should be aware that the tax consequences of owning Ordinary Shares can be treated in different ways in different jurisdictions.

### **Isle of Man related risks**

Representations in this document concerning the taxation of investors in the Ordinary Shares are based on current tax law and practice which are subject to change. Any change to the basis on which profits may be distributed by Isle of Man companies could have a negative impact on the Company's ability to pay dividends. Any change in the Company's tax status or in tax legislation could affect the value of the investments held by the Company and could have a material adverse effect on the Company's financial condition, business, performance and/or prospects.

### **Mauritius related risks**

EIF, EILSF and certain of the investee businesses of the Company currently benefit from a favourable tax and regulatory compliance regime in Mauritius. However, there is no guarantee that the laws and regulations relating thereto will not change and the Company and its investors might become subject to onerous levels of taxation and regulation.

**Forward-looking statements**

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

The potential investment opportunities referred to in this document cannot be guaranteed and it may be the case that the Company is able to invest in only some or even none of these.

## PART II

### The Company

#### Introduction

EIH is a newly incorporated Isle of Man company which has been established for the purpose of making investments in Indian private equity funds and Direct Investments in a wide range of industry sectors in India.

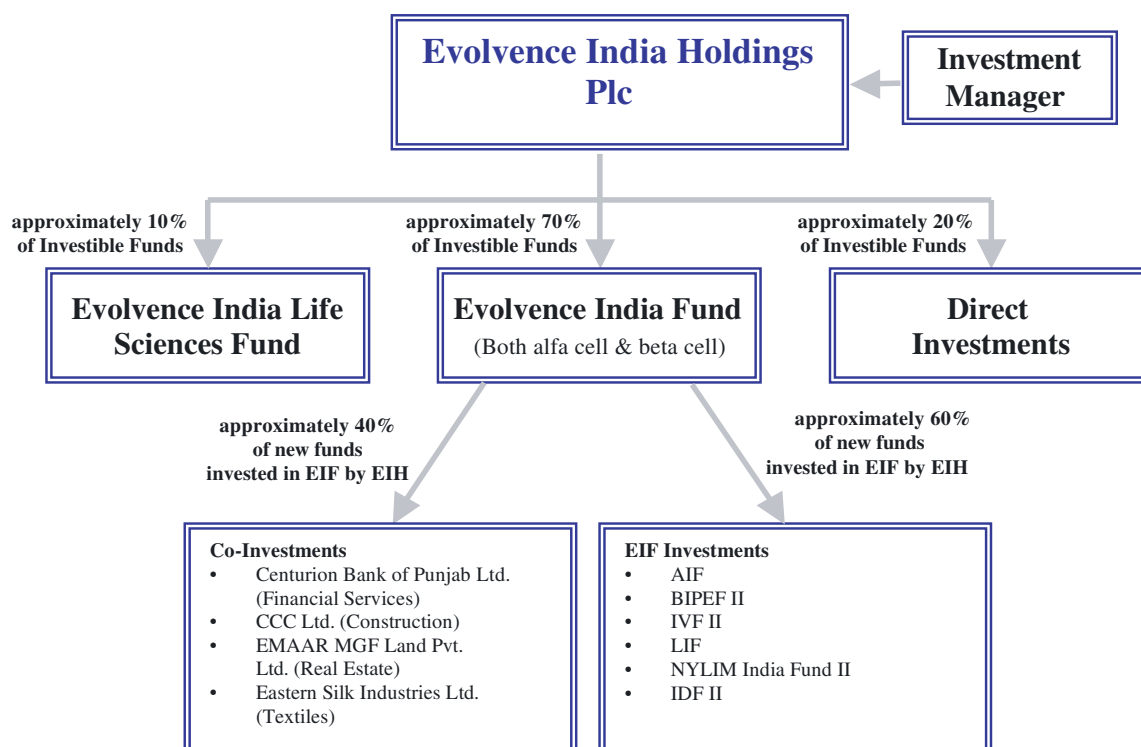
The Directors believe that an investment in EIH should provide investors with access to a diversified Indian private equity portfolio while mitigating issues usually associated with private equity investments such as a lack of liquidity and relatively large minimum investment size.

It is intended that EIH will initially commit the Investible Funds, directly or indirectly through subscriptions and/or acquisitions of existing interests, approximately:

- 70 per cent. of the Investible Funds to the Evolve India Fund (of which approximately 31 per cent. of the Investible Funds will be invested in the alfa cell of the fund (as further detailed at paragraph 12.8 of Part IX) and approximately 39 per cent. will be invested in the beta cell of the fund (effected by way of subscription of new interests as further detailed at paragraph 12.9 of Part IX));
- 10 per cent. of the Investible Funds to the Evolve India Life Sciences Fund; and
- 20 per cent. of the Investible Funds to Direct Investments.

The Directors may alter the above allocation and/or commit the Investible Funds to other Indian focused private equity funds or among Investible Funds and Direct Investments depending on market conditions and the availability of investment opportunities.

The diagram below shows the intended allocation of Investible Funds and the fund structure for EIH following Admission.



EIF and EILSF were initially established and sponsored by Evolve Capital, a leading Dubai headquartered alternative investment firm. EIF currently has an investment portfolio consisting of 54 companies held through six underlying private equity funds in which EIF has invested directly or indirectly,

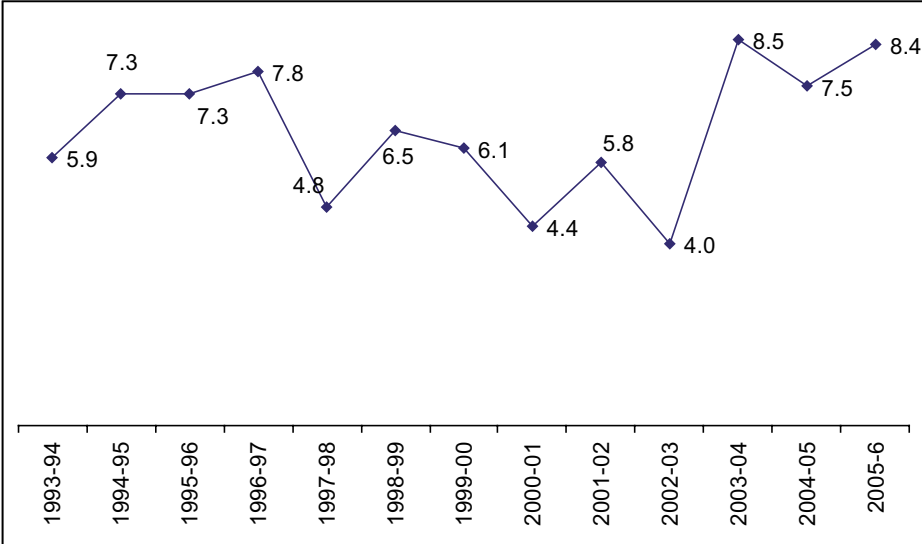
as well as making investments in four of these companies on a co-investment basis. Further information on the private equity funds in which EIF is invested is set out in Part VI of this document.

The Company aims to provide Shareholders with an attractive level of income together with the prospect for long-term capital growth.

**India as an investment destination**

The Indian economy is among the fastest growing economies in the world, with an average real GDP growth of over 6 per cent. per annum since 1993 and the Asian Development Bank expects the Indian economy to continue to grow over the next decade. The chart below demonstrates India’s real GDP growth since 1993.

**Real GDP growth (per cent.)**



Source: Reserve Bank of India, CRISIL, Central Statistical Organisation

The Directors believe that India’s growth is sustainable over the long-term. A report on BRIC economies by Goldman Sachs in 2003 predicted that India will be the third largest economy in the world by the year 2050, behind only China and the United States. However, a report by the Asian Development Bank suggests that India may reach such a position on the basis of purchasing power parity in as little as ten years. International investor interest has followed the recent growth momentum of the Indian economy.

The Directors believe India is an attractive investment destination due to the following factors:

- rapid economic growth led by the growth of the services sectors;
- average economic growth of approximately 6 per cent. per annum over the last 25 years and the potential for double-digit economic growth in the future;
- favourable demographics with a large, skilled, working-age population;
- a domestic savings rate of 29 per cent. of GDP in 2004/05 and foreign exchange reserves of \$151.6 billion at March 2006;
- the emergence of a large middle-class; and
- high corporate governance standards in the context of Asian markets.

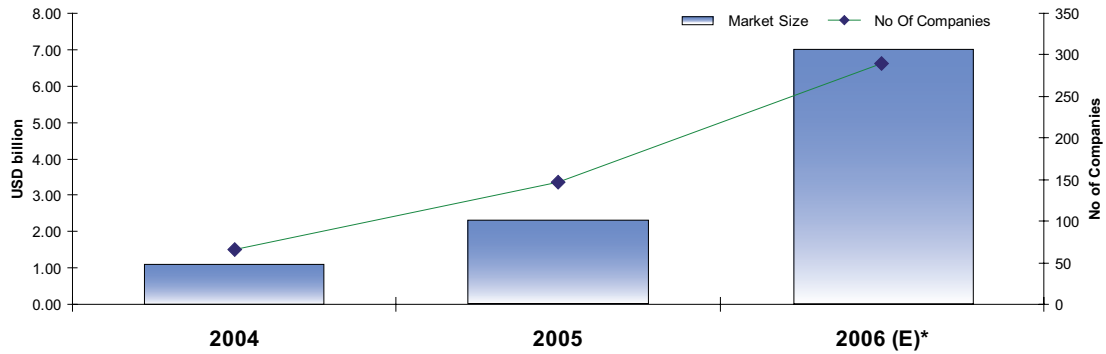
**Background to Indian private equity**

The Directors believe that the Indian private equity market currently presents an attractive investment opportunity. With the gradual relaxation of restrictions on FDI by the Indian government, a growing number of investments are taking place in India by way of FDI and the foreign institutional investment route.

Developing countries and emerging economies have come increasingly to see FDI as a source of economic development and modernisation, income growth and employment. Since 1997, India has attracted approximately \$42 billion of FDI in various sectors, with approximately \$5.5 billion invested in 2005 alone.

Private equity investments in India in the year ended 31 December 2006 amounted to approximately \$7 billion (Source: Venture Intelligence India, Roundup: Annual 2006, Private Equity Online 2006), as illustrated by the following chart.

**Size of Indian Private Equity Market**



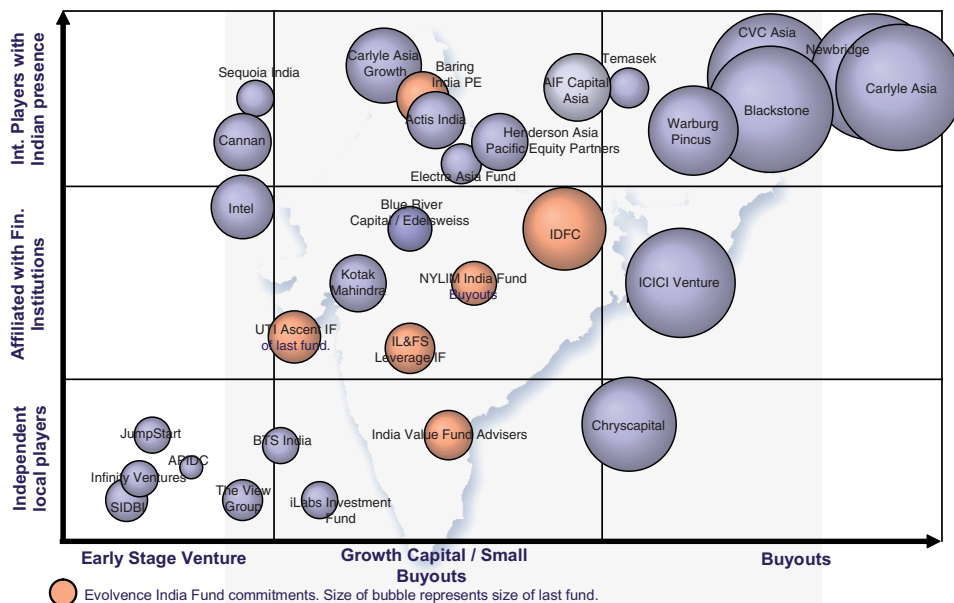
Source: Venture Intelligence India, Roundup : Quarterly July–September 2006 and Annual 2006, Private Equity Online 2006

The typical size of private equity investments in India has increased from approximately \$7 million during the period 2000-03 to approximately \$16.5 million during the period 2003-06.

The Indian private equity market is still at a comparatively early stage of development, with Indian companies receiving almost no private equity or venture capital funding a decade ago. Private equity investment in the Indian market began to develop in the late 1990's prompted by the growth of India's information technology companies and the simultaneous dot-com boom in India. However, as a result of robust economic growth, a significant increase in foreign exchange reserves and government reforms, the opportunity for private equity investment in other sectors has become apparent. For example, the proportion of private investments in India outside the information technology sector is estimated to have increased from around 50 per cent. in 2003 to over 75 per cent. in the first half of 2006. The Directors believe that this has prompted many of the funds operating in India to launch second or third funds on a bigger scale and to widen the investor base to international, institutional and private equity investors.

The following chart shows an overview of the Indian private equity market.

### Private equity in India – Landscape



Source: Chart created by Evolve India Capital and based solely on estimates by Evolve India Capital of market activity.

In 2005, private equity funds and venture capital firms focused on India realised exits in 42 companies of which 17 were through IPOs and four were through mergers and acquisitions or secondary sales worth over \$500 million each.

### **Investment strategy**

The Directors have taken the view that the most attractive segment for the Company in India is “growth capital”. Growth capital is defined by the Directors as companies that are profitable, with robust balance sheets and in which growth is driven by demand from the buoyant Indian economy, rising disposable incomes and rapidly growing exports.

The Company intends to invest in a diverse portfolio of companies across India through its investments in Evolve India Fund, Evolve India Life Sciences Fund as well as through Direct Investments. It is anticipated that once funds are fully invested, the Company will have an interest in a balanced portfolio of investments with a wide sectoral and regional spread in India and varied financial characteristics.

The Company has entered into Subscription Agreements and, conditional on Admission, the Company will be committed to invest approximately 80 per cent. of the Investible Funds in the Underlying Funds.

Following Admission, the Investment Manager proposes to source, through the Investment Advisors, Direct Investment opportunities which fall within the Company’s investment objectives. Further details on this may be found in Part III of this document. The Investment Manager will perform due diligence and negotiate what it considers to be satisfactory terms before recommending an investment to the Board.

Based on current Indian market conditions, and in the absence of unforeseen circumstances, the Investment Manager anticipates that the Investible Funds, including the amount allocated to Direct Investments, should be committed by EIH within three months of Admission, although there can be no guarantee of this. The Board will closely monitor progress and will consider all options for the Company based on its initial investment progress. Pending investment, the Investible Funds will be held as cash or invested in short term liquid investments.

### **Currency hedging**

The Directors do not intend to implement a foreign currency hedging policy and, accordingly, the value of the Company’s assets and the amount of profit available for distribution to Shareholders will be affected by movements in the US Dollar and Rupee exchange rates.

### **Company purchase of Ordinary Shares**

The Directors will have a general authority to repurchase up to a maximum of 10 per cent. of the Ordinary Shares in issue immediately following Admission. There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the laws of the Isle of Man (including the availability of distributable reserves) and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company). The making and timing of any such buybacks will be at the absolute discretion of the Board. General repurchases of Ordinary Shares will only be made through AIM for cash at prices below the Director’s estimate of the Net Asset Value per Ordinary Share where the Directors believe that such purchase will enhance Shareholder value. Such purchases will only be made provided the price to be paid is not more than the higher of: (i) 5 per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase of Ordinary Shares.

As further described in Part IX of this document, the Company has passed a special resolution to reduce its share capital by way of cancellation of its share premium account. It is the Directors’ intention to apply to the Isle of Man High Court as soon as practicable following Admission to approve such cancellation and re-classify the share premium account as a distributable reserve, in order that the Company has distributable profits available, *inter alia*, to effect share repurchases.

**Dividend policy**

The Directors currently intend for the Company to distribute a substantial portion of its distributable profits as dividends. The Directors expect that dividends paid by EIH during the initial few years following Admission will be lower, in absolute terms, than subsequent dividends, reflecting the time required for the Company to invest the Investible Funds and to realise investments. During the initial few years following Admission, the Company intends to distribute its distributable profits as dividends after making appropriate provisions for capital calls, expenses and other liabilities. Thereafter, the Company intends to make distributions sufficient to provide investors with a dividend yield of 6 per cent. per annum.

**Risk factors**

Potential investors should consider carefully the risk factors set out in Part I of this document, together with all the other information set out in this document as well as their own circumstances, before deciding to invest in the Company.

## PART III

### Investment Process, Strategy and Historic Fund Performance

#### **EIH investment process**

EIH has appointed EIA as its investment manager. The Investment Manager intends to appoint the Investment Advisors in India, namely Evolve Advisory Services Private Limited and Invascent Advisory Services India Private Limited. The Investment Advisors have teams based in New Delhi and Hyderabad. The Investment Manager and the Investment Advisors are responsible for: (i) identification of Direct Investment opportunities; (ii) ensuring that the identified new investment opportunities fall within the investment policy and objectives agreed by the Board from time to time; and (iii) conducting appropriate due diligence and negotiating the terms of the investment to be made on behalf of the Company. In the medium to long term the Investment Manager and the Investment Advisors may be asked to perform a wider role.

The Company will not focus on particular sectors or Indian regions, but is seeking to establish a balanced portfolio intended to generate appropriate levels of income and capital growth.

Further details concerning the Investment Advisors and their respective management teams are set out in Part IV of this document.

#### *Investment Manager – investment process*

In recommending investments to EIH, the Investment Manager and the Investment Advisors will take into account the following factors:

- past track record;
- potential investment returns;
- risks to which the investment is exposed;
- strengths of management team;
- investment strategy;
- potential exit routes; and
- suitability within EIH's overall portfolio of underlying fund investments and Direct Investments in terms of industry, geography and date of investment.

The Investment Advisors will prepare a transaction report for the Investment Manager, based on their analysis of the above factors, which will then be presented by the Investment Manager to the Board for approval.

#### *Direct Investments*

One of the key features of EIH's investment strategy is the allocation of approximately 20 per cent. of the Investible Funds to Direct Investments. The Board expects that some of the Direct Investments will be made in companies in which one or more of the Primary Funds or Underlying Funds are invested, and that Direct Investments will normally be short term in nature, compared with the sort of investment periods usually associated with private equity fund investments, and may consist of investments in equity and/or non-equity financial instruments.

The anticipated process for sourcing Direct Investment opportunities, due diligence and completing such investments is as follows:

- the Investment Advisors will source potential Direct Investment opportunities from Primary Funds, the Underlying Funds and selectively from other sources such as, but not limited to, entrepreneurs or intermediaries;

- in parallel with the evaluation of the Primary Fund managers' or Underlying Fund managers' investment opportunity, the Investment Advisors will undertake a concurrent screening of the Direct Investment opportunity; and
- the Investment Advisors will conduct detailed due diligence on the prospective Direct Investment including in relation to, the following factors:
  - (a) the business sector outlook for the relevant sector;
  - (b) the management team's prior experience and reputation;
  - (c) the company's competitive position within the industry/sector;
  - (d) the scalability of the company's operations;
  - (e) provisions for managing key risks;
  - (f) transaction terms, such as the size of the transaction and the size of the investment, the corresponding ownership stake of the proposed co-investment, and proposed ownership stake of the Primary Fund or Underlying Fund;
  - (g) the entry valuation; and
  - (h) the expected holding period and potential exit options.

### **Evolve India Fund**

The Directors of EIH intend to commit approximately 70 per cent. of the Investible Funds (of which approximately 31 per cent. of the Investible Funds will be invested in the alpha cell of the fund and approximately 39 per cent. will be invested in the beta cell of the fund) to the Evolve India Fund, an India focused fund-of-funds. The terms of such investments are further described in paragraph 12 of Part IX herein. EIF generally allocates 60 per cent. of its commitments to Primary Funds and 40 per cent. of its commitments to direct investments, in each case calculated net of EIF's expenses. The EIF Investment Manager follows a methodology, as detailed below, prior to the inclusion of a Primary Fund within EIF. Of the Primary Funds in which EIF has invested to date, three are headquartered in Mumbai, two in Delhi and one in Bangalore, thereby covering various regions of India.

The investment advisor to the EIF Investment Manager has evaluated all the Primary Fund managers, in an effort to ensure that the evaluation process, as described below, has been as complete and comprehensive as possible. The final selection of funds is based wholly or mainly on the following being satisfied:

- proven manager track record of achieving returns at various stages of the private equity investment cycle;
- investment managers located in India;
- a deal pipeline;
- fund management teams having worked together for a minimum of three years;
- the achievement of first closure by the fund;
- willingness to share co-investment opportunities;
- industry reputation of the fund's management team;
- the participation of reputable global institutions as LPs in the fund; and
- an investment focus on India only.

As at the date of this document, EIF has received investment commitments totaling approximately \$122 million from investors other than the Company, of which approximately \$93 million has been committed to the six Primary Funds and invested in four co-investments. EIF has indirect exposure to 54 companies through its investment directly or indirectly in the six Primary Funds and its four co-investments.

The tables below provide a summary of the investments made by EIF in Primary Funds to date.

*Primary Funds*

	<i>AIF</i>	<i>BIPEF II</i>	<i>IDF II</i>	<i>IVF II</i>	<i>LIF</i>	<i>NYLIM India Fund II</i>	<i>Total</i>
Fund size (\$m)	170	175	440	150	153	125.8	1,213.8
EIF commitment (\$m)	20	12.5	10	10	15	15	82.5
EIF holding (%)	11.8	7.1	2.3	6.7	9.8	11.9	6.8

EIF has also made four investments in Indian businesses as a co-investor with the Primary Funds and certain investors in EIF as summarised in the table below.

<i>Company</i>	<i>Sector</i>	<i>EIF cash investment (\$m)</i>	<i>Estimated current value<sup>1</sup> (\$m)</i>
Centurion Bank of Punjab Ltd	Banking and financial services	0.45	0.59
Consolidated Construction Consortium Ltd	Construction	6.09	9.25
Emaar MGF Land Pvt Ltd	Real estate	3.00	5.70
Eastern Silk Industries Ltd	Textiles	1.10	1.10
<b>Total</b>		<b>10.64</b>	<b>16.64</b>

1) As of 30 September 2006, unaudited portfolio valuation undertaken by EIF, desktop review by PricewaterhouseCoopers Private Limited on 27 October 2006.

The table below shows the financial performance of EIF since its inception. This table has been prepared by the EIF management together with PricewaterhouseCoopers Private Limited who reviewed the framework for this portfolio assessment\*.

<i>In \$ million</i>	<i>EIF cash investment value (\$m)</i>	<i>Current or estimated market value (\$m)</i>	<i>Estimated increase in market value</i>
Listed portfolio (16 companies)	11.67	**21.64	85%
Unlisted portfolio (38 companies)	22.58	*34.63	53%
Co-Investments	10.64	16.64	56%
<b>Total</b>	<b>44.89</b>	<b>72.91</b>	<b>62%</b>

\*Unaudited portfolio valuation undertaken by EIF; desktop review by PricewaterhouseCoopers Private Limited on 27 October 2006.

\*\*Based on the closing share prices as at 28 February 2007 and an exchange rate of 45.00 Rupees to \$1.

### **Evolve India Life Sciences Fund**

The Directors intend to commit approximately 10 per cent. of the Investible Funds directly to the Evolve India Life Sciences Fund. Evolve India Life Sciences Fund is a new fund that has been created to make private equity investments in life sciences businesses that are either based in India, or have material business activities in India. The terms of such commitment is further described in paragraph 12 of Part IX herein.

The life sciences sector in India had an annual revenue of approximately \$8.8 billion in the tax year 2004-05 and continues to grow. The Indian generic pharmaceutical market is estimated to account for 22 per cent. of the generic pharmaceutical world market as low production costs give India an advantage over other countries producing generic pharmaceuticals. The Indian generic pharmaceutical market is forecast to grow to \$11.6 billion by 2009 according to Espicom, a leading independent provider of business intelligence.

The biopharmaceutical sector in India, which forms part of the life sciences sector, generated approximately \$1 billion of revenues in the tax year 2005-06, with a year-on-year growth of approximately 32 per cent. Exports accounted for approximately 53 per cent. of total revenues in the tax year 2005-06. According to Ernst & Young, the biopharmaceutical sector has the potential to reach \$3 billion in annual revenues by 2010.

There is a strong shift in the US and Europe towards prescribing generic medicines and approximately \$77 billion worth of proprietary drugs are expected to lose patent protection in the next five years. Global pharmaceutical companies are increasingly looking to India as a source of low cost research and development services. Given the above, the Directors believe that the life sciences sector in India offers significant opportunities for investment.

EILSF completed its first closing in January 2007. EILSF has already identified a number of investment opportunities in the Indian life sciences sector, encompassing the following subsectors:

- pharmaceuticals;
- biotechnology;
- healthcare delivery services;
- research and development services;
- diagnostics;
- personalised medicine; and
- medical devices and related areas.

## PART IV

### Management, Advisory and Administration

#### Board of Directors

The Board comprises four directors, and consists of one executive Director and three non-executive Directors, two of whom the Board considers to be independent.

#### **Mr Khaled Al-Muhairy, aged 33, *Non-executive Chairman***

Mr Al-Muhairy is the founder and chief executive officer of Evolvence Capital, a Dubai headquartered financial services firm, where he is responsible for oversight of Evolvence Capital's strategic focus. Mr Al-Muhairy has been successful in developing new business opportunities through prospecting and fostering relationships with leaders in the alternative investment community. Since August 2000, he has been involved in the generation of a significant amount of capital for private and public companies such as Paypal, IG and Learningbyte, and has led the incubation of private equity, real estate and hedge funds such as BTU, Evolvence Education Fund, and Evolvence Emirates Opportunities Fund. Mr Al-Muhairy serves as a member of the Investment Committee of Ithmar Fund and is a board member of Aradi P.J.S.C. Prior to his entrepreneurial venture, Mr Al-Muhairy worked for the Abu Dhabi Investment Authority, where he specialised in technology and telecommunication equity investment coverage for the North America department of the organisation. Mr Al-Muhairy holds a B.S. in Finance from Saint Louis University in the State of Missouri, United States of America.

#### **Mr Jay Jegannathan, aged 43, *Chief Executive Officer***

Mr Jegannathan is the Chief Executive Officer of EIH and he is also a managing director of EIF, where he manages the day-to-day operations. His responsibilities include maintaining EIF's relationships with its investors and the managers of the funds in which it has invested, and supervising the EIF investment management team. Mr Jegannathan brings over 22 years of experience in corporate finance, portfolio management, corporate transaction structuring and fund analysis. Prior to joining EIF, he was a consultant for Evolvence Capital, where his primary responsibilities were developing and structuring internationally-focused fund of funds products and monitoring global hedge fund offerings. Prior to joining Evolvence Capital, Mr Jegannathan was employed by the Damac Group, which raised and managed two private equity funds (in 1998 and 2000) totaling \$135 million. Those funds focused primarily on private equity transactions at the mezzanine or pre-IPO stage in technology companies in the United States. Prior to joining Damac, he managed portfolios for high net-worth clients based in the Gulf Council countries. These portfolios had exposure to multiple asset classes, including private equity, real estate and the secondary market (both in the United States and India). Mr Jegannathan began his career in the audit field and spent eleven years in various positions with institutions in the United Arab Emirates, Qatar, and India. He holds a Bachelor of Commerce degree from the University of Madras in India and is a Chartered Accountant (India).

#### **Mr William Knight, aged 63, *Non-executive Director***

Mr Knight is an alternative asset investment specialist for the emerging markets who, *inter alia*, has spent over 25 years involved with the financing and development of Indian companies in both the public and private sectors. He is a founding partner of Emerisque Capital Limited, an "East/West" management "buy-in" investment company and was previously on the advisory board of EIF. He specialised originally in financing major capital projects in Asia, the Middle East and North Africa at Lazard Brothers. Projects included the Dubai Dry Dock and the Hong Kong Mass Transit Railway. Moving to Lloyds Bank International ("LBI") in 1973, where he spent the next 18 years, he was head of LBI's global syndicated lending operation, head of LBI's investment banking activities for Asia, based in Hong Kong, and then in charge of the bank's long-established Portuguese operations before becoming a founding director of Lloyds Merchant Bank and managing director of Lloyds Bank Fund Management. In recent years, in an independent capacity, he has advised many companies and some governments including the Asian Development Bank, SBI Mutual Fund and Gujarat Lease Finance. He is currently chairman or on the board of a number of investment companies including Abingworth Bio Ventures II, the Thai-Euro Fund Ltd, the Siberia

Investment Company Plc, the JP Morgan Chinese Investment Trust and the Fidelity Asian Values Plc. In addition, he recently moved from the board of KASB Bank, a Karachi based financial services group, to the board of KASB Capital, the group’s new investment bank.

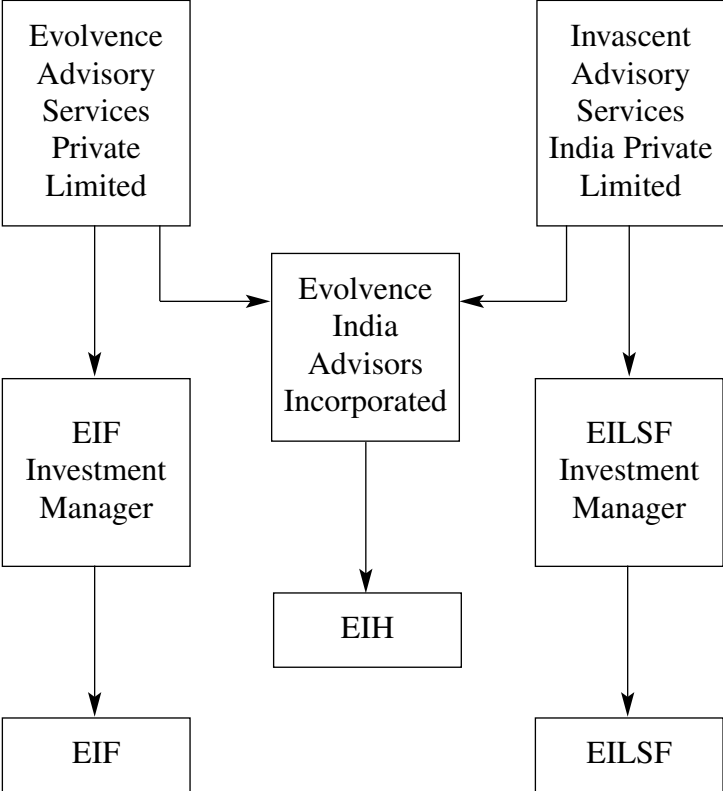
**Mr Mohamed Abdel-Hadi, aged 33, Non-executive Director**

Mr Abdel-Hadi is currently the managing partner of Holland Park Capital, a global emerging markets hedge fund. Prior to this he was an emerging markets equity strategist with over eleven years of investment banking experience. Mr Abdel-Hadi was a director of emerging markets equity strategies at Merrill Lynch (London) between 2001 and 2006 and prior to that he was a director in equity research for Merrill Lynch, covering the Middle East and North Africa. Mr Abdel-Hadi has held positions with Robert Fleming Securities (London), where he was a research analyst covering the Middle East and North Africa, and HSBC James Capel (London). Mr Abdel-Hadi also founded an asset management company in Egypt in 1995, holds a degree in Business Administration from the American University in Cairo, Egypt and is a Chartered Financial Analyst.

The Directors are actively seeking another independent non-executive director to be appointed to the Board following Admission.

**Relationship between EIH, EIF, EILSF and the investment managers and investment advisors.**

The following chart demonstrates the contractual advisory relationships between EIH, EIF, EILSF and their respective investment management companies and investment advisory companies.



Further details concerning EIF, EILSF and their respective investment managers and investment advisors are set out in paragraph 10 of Part IX of this document.

***The Investment Advisors***

Investment advisory services are provided by the Investment Advisors to the EIF Investment Manager and it is intended that the Investment Advisors will also provide investment advisory services to the Investment Manager.

### ***Investment team at Evolvence Advisory Services Private Limited***

**Mr Paresh Thakker, Managing Director of EIF:** Mr Thakker is responsible for the operations of EIF's Indian investment advisory team. Mr Thakker has 14 years experience in venture capital, mergers and acquisitions, valuations and investments. He was previously based in New Jersey in the United States as head of Corporate Development at Global Consultants Inc., a large, US based information technology services company (GCI). Prior to joining GCI, Mr Thakker was a fund manager with Infinity Ventures, a leading venture capital firm focused on US and Indian companies. Prior to joining Infinity Ventures, Mr Thakker worked for eight years with various international firms in the areas of public equities, investments and corporate advisory services. Mr Thakker holds a Bachelor of Commerce from Mumbai University in India and is a CFA charter holder (CFA Institute, United States of America).

**Mr Pankaj Gupta, Head of Finance and Administration:** Prior to his current role, Mr Gupta was head of finance at Max Healthcare. In this capacity, he was responsible for the business planning, taxation, legal and accounting operations of Max Healthcare. He has also held senior positions at Modicare and East India Hotels Ltd., as assistant vice president and chief accountant, respectively. Pankaj is a Chartered Accountant and received a Bachelor of Commerce from Delhi University, India.

**Mr Mayank Singhvi, Analyst:** Prior to his current role, Mr Singhvi spent two years at Essel Group working as senior manager in the corporate strategy and finance division. He has also worked as a senior associate in corporate finance at Ernst & Young, India and as an analyst at DSP Merrill Lynch, India. Mr Singhvi received his MBA from London Business School and his Masters in Management Information Systems from Fairleigh Dickinson University, United States of America.

**Mr Aditya Somani, Analyst:** Prior to his current role, Mr Somani spent two years at HCL Technologies working in the mergers & acquisitions team. He also worked as an equity analyst at JP Morgan and as an analyst with Digital Century Capital, a New York based hedge fund. Mr Somani was awarded an MBA from Indian Institute of Management, Bangalore and a B.S. in Electronic and Telecommunications from NIT, Calicut.

**Mr Rohit Batra, Analyst:** Mr Batra has recently moved back to India after working for two years as an analyst at Bond & Pecaro, a consulting firm specialising in media and broadcasting merger activity, located in Washington D.C. He was awarded a Bachelor in Economics and International Affairs from the George Washington University, Washington, D.C., United States of America in 2003.

### ***Investment team at Invascent Advisory Services India Private Limited and affiliates***

**Mr Hari Buggana, Managing Director of EILSF:** Mr Buggana was a consultant with McKinsey & Company for six years, one of the premier management consultancies in the world. During his time at McKinsey, Mr Buggana primarily worked with life sciences businesses in the US, Europe and India on a variety of issues ranging from corporate strategy, mergers & acquisitions, product market strategy, research and development productivity, organisational effectiveness and operations improvement. Prior to joining McKinsey, Mr Buggana worked as a scientist for five years in the pharmaceutical products division of Abbott Laboratories, USA. He has an MBA from Kellogg Graduate School of Management, Northwestern University, USA and an M.S. in Chemical Engineering (biotech specialisation) from Illinois Institute of Technology, United States of America.

**Mr Vishy Chibrolu, Managing Director of EILSF:** Most recently Mr Chibrolu worked with Silver Creek, a \$5 billion fund of hedge funds where, in addition to heading risk management development, he was also active in sourcing, direct investments, conducting due diligence on them and structuring share options. Prior to that he was with McKinsey & Company for five years where he began his career as a general consultant and served clients in multiple sectors helping them improve operational efficiency. He then spent the next two years in the investment office of McKinsey & Company where he led the direct entry into insurance transactions. Mr Chibrolu has a Ph.D from Case Western Reserve University in the state of Ohio, United States of America where he focused on pricing interest rate derivatives and real options. He also has an MBA from Indian Institute of Management at Lucknow, India.

**Dr. Anula Jayasuriya:** Dr. Jayasuriya brings to the team a unique combination of deal-making experience and scientific-medical expertise. She has been a venture capitalist for the last five years. Dr Jayasuriya was a partner with Skyline Venture in Palo Alto, California and before that with TVM in San Francisco. She was also vice president of business development of Genomics Collaborative, a biotech company, and vice president of drug development for AIDS and transplantation drugs at Roche. She is a board member of several life science companies. Dr Jayasuriya holds an MD and a Ph.D. in Molecular Genetics and an MBA from Harvard University. She also holds an M.Phil from Cambridge University.

### **Conflicts management**

The Investment Manager does not provide investment management services to any other fund and has no intention of providing services to any fund with a similar investment profile to that of the Company.

The Investment Manager intends to appoint the Investment Advisors, who will be responsible for: (i) identification of investment opportunities; (ii) ensuring that the identified new investment opportunities fall within the investment policy and objectives agreed by the Board from time to time; and (iii) conducting appropriate due diligence and negotiating the terms of the investments to be made on behalf of the Company.

The Investment Advisors provide services, similar to those which it is proposed that they provide to the Investment Manager, to the EIF Investment Manager and the EILSF Investment Manager.

The Board will elect a Conflicts Committee, which will be made up of any two independent Directors. It will accordingly, exclude Mr Jay V. Jegannathan, who is a director of the Investment Manager, or any other future Director who is also a director of the Investment Manager or Investment Advisors. The Conflicts Committee will review all transactions to be undertaken by the Company to identify situations where there is a potential conflict between the interests of EIH, EIF and EILSF. Where the Conflicts Committee identifies such a conflict, it will be responsible for approving any investment which the Investment Manager proposes to the Board for approval.

### **Corporate governance**

On Admission, the Board will comprise four Directors, three of whom will be non-executive Directors. The Company is currently seeking to recruit an additional independent non-executive Director, who has had recent and relevant financial experience and who it is proposed will be appointed to the Remuneration and Audit Committees.

The Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

The Company has adopted a share dealing code for the Directors, which is appropriate for a company whose shares are admitted to trading on AIM (in order to ensure, among other things, compliance with Rule 21 of the AIM Rules). The Company will take all reasonable steps to ensure compliance with the terms of its share dealing code by the Directors.

The Board recognises the importance of sound corporate governance and intends to comply with the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies, to the extent feasible and, in the Company's sole discretion, appropriate.

### **Remuneration Committee**

The Remuneration Committee will be chaired by Mr William Knight and its other member will be Mr Mohamed Abdel-Hadi. The Remuneration Committee is required to have at least two members. It will meet not less than three times a year and will have responsibility for making recommendations to the Board on the Company's policy on the remuneration of the Chairman of the Board, the Chief Executive Officer, any other executive directors that may be appointed to the Board, the Secretary and other officers. In determining such remuneration, the Remuneration Committee shall have due regard to any relevant legal requirements, the QCA Guidelines and the Combined Code on Corporate Governance (where the Remuneration

Committee considers it appropriate to do so). The Remuneration Committee will also take account of industry standards in proposing remuneration packages to the Board.

### **Audit Committee**

The Audit Committee is to be chaired by Mr Mohamed Abdel-Hadi and also comprises Mr William Knight. The Audit Committee will meet not less than three times a year and will have responsibility for, amongst other things, monitoring the integrity of the Company's financial statements and reviewing significant financial reporting issues and judgments which they contain. It will oversee the Company's relationship with its external auditors (including advising on their appointment), review the effectiveness of the external audit process and consider the extent of the non-audit work undertaken by external auditors. It also has responsibility for reviewing the effectiveness of the Company's system of internal controls and risk management systems. The Audit Committee will give due consideration to applicable laws and regulations, the requirements of the QCA Guidelines and the requirements of the AIM Rules and the Combined Code on Corporate Governance (where the Audit Committee considers it appropriate to do so).

### **Investment Manager**

EIH has appointed EIA as its investment manager. The investment Manager intends to appoint the Investment Advisors in India, namely Evolve Advisory Services Private Limited and Invascent Advisory Services India Private Limited. The Investment Advisors have teams based in New Delhi and Hyderabad. The Investment Manager and the Investment Advisors are responsible for: (i) identification of opportunities; (ii) ensuring that the identified new investment opportunities fall within the investment policy and objectives agreed by the Board from time to time; and (iii) conducting appropriate due diligence and negotiating the terms of the investment to be made on behalf of the Company.

### **Investment management fee**

The Investment Manager will be paid an investment management fee for the services provided pursuant to the Investment Management Agreement. The fee will consist of two components, namely a management fee payable bi-annually in advance and a performance based fee payable annually in arrears.

The investment management fee will be payable at a rate of 1 per cent. per annum of the net asset value of the Direct Investments as defined by the Investment Manager. The performance fee will be payable at the rate of 15 per cent. of the excess of the realisations made by the Company upon exiting its Direct Investments over the cost basis of its Direct Investments (after providing for relevant expenses incurred in making and exiting such investments). The payment of the performance fee is conditional on the Investment Manager achieving an 8 per cent. increase in the net asset value of the Direct Investments, before taking into account any distributions of income or capital. No fee will be paid to the Investment Manager for commitments to Evolve Capital sponsored funds, which will include EIF and EILSF.

### **Administrator**

The Administrator is Equity Limited.

The Administrator is responsible for providing administrative services required in connection with the Company's operations, including registrar services.

The Administrator is the holder of a corporate service provider licence issued under the Corporate Service Providers Act 2000 of the Isle of Man and, as such, is authorised to provide administration services in relation to the Company.

The fees of the Administrator are £15,000 per annum and time charges levied in accordance with the charging rates of the Administrator from time to time. The fees of the Administrator will be subject to value added tax.

Further details of the Administration Agreement are set out in paragraph 12 of Part IX of this document.

**Financial information and reports**

The Company's financial statements will be prepared in accordance with IFRS and reported in Dollars.

The first accounting period of the Company will be from 10 November 2006 (the date of incorporation) to 31 December 2007 and, thereafter, accounting periods will end on 31 December each year. It is expected that the audited annual accounts will be sent to Shareholders within six months of the year end to which they relate. Unaudited half yearly reports are made up to 30 June and are expected to be announced within three months thereof. The first audited report will cover the period from incorporation to 31 December 2007.

The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company.

The Company intends to report to investors on Net Asset Value every three months on an unaudited basis and every six months on an audited basis beginning with an unaudited report on Net Asset Value as at 31 March 2007.

**Duration**

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2012 it is intended that an ordinary resolution will be proposed that the Company ceases to continue as presently constituted. If the resolution is not passed, a similar resolution will be proposed at every third annual general meeting thereafter. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

**CREST Service Provider**

The Company has appointed Capita Registrars (Jersey) Limited to provide CREST services in respect of the Company. Further details of the agreement between the Company, Equity Limited and the CREST Service Provider are set out in paragraph 12 of Part IX of this document.

## PART V

### Placing, Admission and Related Matters

#### The Placing

Fairfax has undertaken to use its reasonable endeavours as agent for the Company, to seek pursuant to the Placing, subscribers for 65,000,000 Ordinary Shares at \$1.00 per Ordinary Share.

The Placing, which is not underwritten, is conditional upon, *inter alia*, the admission of the Ordinary Shares to trading on AIM by 23 March 2007, or such later time (being not later than 20 April 2007) as Fairfax and the Company may agree.

Under the Placing Agreement, which may be terminated by Seymour Pierce and/or Fairfax in certain circumstances prior to Admission, the Company has given certain warranties and indemnities to Fairfax concerning, *inter alia*, the accuracy of the information contained in this document.

The Placing is intended to raise \$65 million before expenses. The expenses of Admission and the Placing payable by the Company are estimated at approximately \$4.6 million, assuming the Placing is fully subscribed, so that the Net Proceeds of the Placing of Ordinary Shares by the Company are estimated at approximately \$60.4 million.

The Company intends to use the net proceeds of the Placing as set out in Part II of this document to provide working capital.

Proceeds of the Placing should be received by Fairfax on or before 23 March 2007. CREST accounts will be credited on the date of Admission and it is anticipated that certificates in respect of the Ordinary Shares will be dispatched within ten business days of such date, in the week commencing 2 April 2007. Pending receipt by Shareholders of definitive share certificates, the CREST Service Provider will certify any instruments of transfer against the register.

#### CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 23 March 2007. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

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

#### Ownership Restrictions

The attention of prospective investors is drawn to the summary of the Articles set out in paragraph 4.2 of Part IX, specifically to the sub-section entitled "Transfer of shares". It should be noted that the Board may refuse to register a transfer of an Ordinary Share to a "Prohibited Person" (being a person who by virtue of his holding, may, in the opinion of the Board cause or be likely to cause the Company and/or Shareholders some regulatory, pecuniary, legal or material administrative disadvantage that might not otherwise be incurred). The Directors may also, under certain circumstances, forfeit the Ordinary Shares of certain U.S. Persons or any Benefit Plan Investor.

### **Specific US ownership restrictions**

As further described in Part IX, there are restrictions attaching in connection with the ownership of the Ordinary Shares so that: (i) the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act of 1940 and related rules; and (ii) to address certain ERISA, U.S. Internal Revenue Code and other considerations. These restrictions may adversely affect the ability of certain persons to hold the Ordinary Shares. The Company and its agents may take certain actions described in the Articles to ensure compliance with these restrictions, which are summarised below.

(a) *Restrictions due to lack of registration under the U.S. Securities Act of 1933 (as amended)*

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) or any other applicable law of the United States. The Ordinary Shares are being offered and sold in the global offering outside the United States to non-U.S. persons in reliance on the exemption from registration provided by Regulation S of the U.S. Securities Act of 1933 (as amended) (the “Securities Act”).

Each initial subscriber will represent and agree and each transferee will be deemed to represent and agree, that: (i) such subscriber/transferee is not a U.S. person (as defined in Regulation S) and is acquiring the Ordinary Shares in a transaction outside the United States pursuant to Regulation S; and (ii) if in the future it decides to offer, resell, pledge or otherwise transfer any shares such shares may be offered, resold, pledged or otherwise transferred only in a transaction outside the United States to a non-U.S. Person complying with Rule 903 or Rule 904 of Regulation S and will notify any person to whom it transfers the Ordinary Shares of the resale restrictions specified herein.

(b) *U.S. Investment Company Act of 1940 Restrictions*

The Company is not and does not intend to become registered as an investment company under the U.S. Investment Company Act of 1940 and related rules. The Ordinary Shares and any beneficial interest therein may not be offered or sold, or reoffered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), wherever they may be resident.

The Company may require any investor who is a U.S. person (as defined in Regulation S) or whose holding may cause the Company to be required to be registered as an investment company under the U.S. Investment Company Act of 1940 and related rules to transfer its Ordinary Shares in accordance with the Articles. If the obligation to transfer is not met, such Ordinary Shares may be forfeited in accordance with the Articles.

Ordinary Shares are required to be transferred in accordance with the Articles.

(c) *ERISA, U.S. Internal Revenue Code and Other Restrictions*

The Ordinary Shares and any beneficial interests therein may not be acquired or held by Investors using assets of any Plan (as defined in “Certain ERISA Considerations”).

The Company may require any investor using assets of any Plan to transfer its Ordinary Shares in accordance with the Articles. If the obligation to transfer is not met, such Ordinary Shares may be forfeited in accordance with the Articles.

In order to make such restrictions as clear as possible to subscribers, the following legend will appear on the Ordinary Shares which are issued in certificated form:

*“Evolvence India Holdings plc (the “Company”) has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended. The security evidenced hereby has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except: (i) in an offshore transaction to a non-US person complying with rule 903 or rule 904 of Regulation S under the Securities Act; or (ii) pursuant to any other exemption from the registration requirements of the Securities Act. If securities represented by this certificate are owned directly or indirectly by any person: (i) who is a U.S. person (as defined in Regulation S under the Securities Act); or (ii) who may cause the assets of the Company*

*to constitute “Plan Assets” within the meaning of Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), the Company may require such person to sell the securities represented by this certificate to a person who is qualified to own such securities failing which such securities may be deemed forfeited.”*

### **Certain ERISA Considerations**

The following is a summary of certain considerations associated with the purchase of the Ordinary Shares by an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title 1 of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code or provisions under any similar law, and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing Ordinary Shares on behalf of, or with the assets of, any employee benefit plan, take independent legal advice to determine whether such employee benefit plan is subject to Title 1 of ERISA, Section 4975 of the U.S. Internal Revenue Code or any similar laws.

ERISA and the U.S. Internal Revenue Code do not define “plan assets.” However, the Plan Asset Regulations generally provide that when a Plan subject to Title 1 of ERISA or Section 4975 of the U.S. Internal Revenue Code (an “ERISA Plan”) acquires an equity interest in an entity that is neither a “publicly-offered security” (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act 1940, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “benefit plan investors” is not significant or that the entity is an “operating company,” in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25 per cent. of the value of any class of equity interests of such entity, excluding equity interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person. For the purposes of this 25 per cent. test, “benefit plan investors” include employee benefit plans, whether or not subject to ERISA or the U.S. Internal Revenue Code, including “Keogh” plans, individual retirement accounts and pension plans maintained by non-U.S. corporations, governmental plans, as well as any entity whose underlying assets are deemed to include “plan assets” under the Plan Asset Regulations (for example, an entity 25 per cent. or more of the value of any class of equity interests of which is held by benefit plan investors and which does not satisfy another exception under the Plan Asset Regulations).

It is anticipated that: (i) the Ordinary Shares will not constitute “publicly offered securities” for the purposes of the Plan Asset Regulations; (ii) the Company will not be an investment company registered under the U.S. Investment Company Act 1940; and (iii) the Company will not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, the Company will not monitor whether investment in the Ordinary Shares by benefit plan investors will be “significant” for purposes of the Plan Asset Regulations.

### **Plan Asset Consequences**

If the Company’s assets were deemed to be “plan assets” of an ERISA Plan whose assets were invested in us, this would result, among other things, in: (i) the application of the prudential and other fiduciary responsibility standards of ERISA to investments made by the Company; and (ii) the possibility that certain transactions that the Company and the subsidiaries of the Company might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the U.S. Internal Revenue Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of the ERISA Plan, may also result in the imposition of an excise tax under the U.S. Internal Revenue Code upon a “party in interest” (as defined in ERISA), or “disqualified person” (as defined in the U.S. Internal Revenue Code), with whom the ERISA Plan engages in the transaction.

Governmental plans, certain church plans and non-U.S. plans, while not subject to Title 1 of ERISA or Section 4975 of the U.S. Internal Revenue Code, may nevertheless be subject to similar laws. Fiduciaries of such plans should consult with their counsel before purchasing or holding, any Ordinary Shares.

Because of the foregoing, the Ordinary Shares may not be purchased or held by any person investing “plan assets” of any Plan.

## PART VI

### Description of Evolvence India Fund Investments<sup>1</sup>

#### 1. India Value Fund II

<b>Name of the fund:</b>	<b>India Value Fund II (“IVF II”)<sup>2</sup></b>
<b>Sponsors:</b>	Gary C. Wendt, Housing Development Finance Corp, Ambit Corporate Finance Limited
<b>Manager/advisors:</b>	India Value Fund Advisors Private Limited
<b>Series:</b>	Fund II
<b>Fund size:</b>	\$150 million
<b>Headquarters:</b>	Mumbai, India
<b>Status:</b>	Closed

**Background:** IVF II is sponsored by Gary C. Wendt, who is the former Chairman and Chief Executive Officer of General Electric Capital Corporation and General Electric Capital Services Inc., Housing Development and Finance Corporation and Ambit Corporate Finance Private Limited – a corporate finance company which has been involved in private equity and merger and acquisition transactions in India. India Value Fund Advisors Private Limited is based in Mumbai, India.

**Investment objective:** To provide for the upcoming needs of mid-sized companies, IVF II expects generally to follow an “invest and build” philosophy whereby it will not only evaluate and fund investment opportunities, but also work closely with portfolio companies to help them grow and develop their businesses. IVF II expects to invest primarily in medium-sized projects in the healthcare, media and entertainment, retail and outsourced products sectors with average targeted investment per portfolio company of approximately \$10-13 million and a minimum investment of approximately \$4-6 million.

#### 2. Baring India Fund

<b>Name of the fund:</b>	<b>The Baring India Private Equity Fund II (“BIPEF II”)</b>
<b>Manager/Advisors:</b>	BPEP India
<b>Series:</b>	Fund II
<b>Fund size:</b>	\$175 million
<b>Headquarters:</b>	New Delhi, India
<b>Status:</b>	Closed

**Background:** BPEP India commenced investment activities in 1998 as part of the Baring Private Equity Partners Group, then the international private equity arm of the ING Group. BPEP India is headquartered in New Delhi.

**Investment objective:** BIPEF II will primarily invest in mid-market transactions, aiming to provide capital to organisations for expansion and financial restructuring. BIPEF II’s current areas of focus will include the following sectors: pharmaceuticals, healthcare services, medical devices and information technology services, including software services, hardware and software products. The investment size will be capped at a maximum of 20 per cent. of the fund’s total capital commitments, however larger investments may be made with the consent of the advisory council to BIPEF II. BIPEF II will seek either control positions or significant minority stakes.

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1 Source: The Evolvence India Fund Cell Beta Private Placement Memorandum dated 30 June 2006

2 Investment in IVF II is made through IVF (Mauritius) PCC

### 3. New York Life Fund

<b>Name of the fund:</b>	<b>New York Life Investment Management India Fund II, (“NYLIM II”)</b>
<b>Manager/Advisors:</b>	NYLIM – JB
<b>Sponsors:</b>	New York Life Investment Management, LLC
<b>Series:</b>	Fund II
<b>Target fund Size:</b>	\$125.8 million
<b>Headquarters:</b>	New Delhi, India
<b>Status:</b>	Closed

**Background:** NYLIM II has been sponsored by New York Life Investment Management, LLC (NYLIM) and is managed by NYLIM-JB. The advisor to the manager is Jacob Ballas Capital headed by Rajan Jetley. Rajan Jetley served as the CEO of Air India and managing director of ITDC and is currently on the board of Zee Telefilms. NYLIM has over \$188 billion in assets under management.

**Investment objective:** NYLIM II’s investment objective is to generate long-term capital appreciation through privately negotiated equity or equity related investments in unlisted or listed companies based in or with significant operations in India. The fund will target a portfolio of 10-15 investments in total, with an equity investment of approximately \$5-30 million per investment, and an average holding period of three to five years. The fund will generally focus on investing in companies in the growth stage, with no sector biases.

**NYLIM II portfolio:** The fund has made five investments.

### 4. Leverage India Fund

<b>Name of the fund:</b>	<b>Leverage India Fund (“LIF”)*</b>
<b>Manager/Advisors:</b>	IIML
<b>Sponsors:</b>	Punjab National Bank, IL&FS and TAIB Bank
<b>Series:</b>	Fund I
<b>Fund size:</b>	\$153 million
<b>Headquarters:</b>	Mumbai, India
<b>Status:</b>	Closed

**Background:** LIF has been jointly sponsored by IL&FS and Punjab National Bank, two of India’s leading financial institutions. TAIB Bank, Bahrain, is the co-sponsor and lead foreign investor. The fund is managed by IIML, one of India’s largest private equity fund management companies. The senior members of the IIML management team have cumulative private equity experience in excess of 50 years.

**Investment objective:** LIF’s principle objective is to deliver ‘market superior’ returns by focusing on late stage funding for profitable, cash generating companies needing funds for expansion. LIF’s sector focus is broad and includes life sciences, information technology and information technology enabled services, infrastructure, hospitality, manufacturing and engineering.

**LIF portfolio:** LIF has already made 26 investments.

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\* Investment in the fund made through Leverage India Fund LLC

## 5. Ascent India Fund

<b>Name of the fund:</b>	<b>Ascent India Fund (“AIF”)<sup>1</sup></b>
<b>Manager/Advisors:</b>	UVF
<b>Sponsors:</b>	UTI Asset Management
<b>Series:</b>	Fund II
<b>Fund size:</b>	approximately \$170 million
<b>Headquarters:</b>	Bangalore, India
<b>Status:</b>	Closed

**Background:** AIF is a private equity fund launched by UVF, the private equity arm of UTI, India’s largest mutual fund family which has a commanding presence in the Indian capital markets. The UVF management team presently consists of five investment professionals who have an aggregate of over 60 years professional experience with complementary expertise that includes senior management, fund management, public and private market investing, investment research and financial services.

**Investment objective:** AIF’s investment objective is to achieve capital appreciation by primarily making equity and equity-linked direct investments in companies that aim to leverage India centric delivery and production advantages for global consumption. AIF’s portfolio companies are expected to be those with sizable operations in India, irrespective of their place of incorporation, and operating in promising Indian industries, such as convergence technologies, business process outsourcing/ITES, life sciences (biotechnology and pharmaceutical), automobile ancillaries, retail and textiles.

## 6. India Development Fund<sup>2</sup>

<b>Name of the fund:</b>	<b>IDFC Private Equity Fund II<sup>2</sup> (“IDF II”)</b>
<b>Manager/Advisors:</b>	IDFC Asset Management Company Limited
<b>Sponsors:</b>	IDFC
<b>Series:</b>	Fund II
<b>Fund Size:</b>	\$440 million
<b>Headquarters:</b>	Mumbai, India
<b>Status:</b>	Closed

**Background:** The fund has been sponsored by IDFC, a leading Indian financial institution focused on infrastructure that provides financial assistance and advisory services to infrastructure projects and their sponsors. It is managed by IDFC Asset Management Company Limited, a wholly owned subsidiary of IDFC. The members of the management team and the senior expert council have extensive experience in infrastructure development, private equity investments, project finance, policymaking, as well as business creation and development.

**Investment objective:** IDF II seeks to achieve attractive risk adjusted returns by investing in infrastructure facilities or services including: (i) power (including generation, transmission, trading and distribution of power); (ii) oil and gas (including petroleum and natural gas as well as renewable energy or fuels); (iii) transportation (including roads, railways, ports, airports, airlines and logistic services); (iv) telecommunication services (including radio paging, domestic satellite service, network of trucking, cable TV services, broadband network and internet services); (v) industrial and commercial infrastructure; (vi) rural infrastructure (such as infrastructure related to agriculture, food distribution, irrigation and rural development); and (vii) other infrastructure projects.

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1 Investment in the fund made through Ascent India Limited

2 Investments in the fund are made through IDFC Private Equity (Mauritius) Fund II.

## PART VII

### Unaudited Financial Information on EIH

The following is an unaudited balance sheet of the Company as at 10 November 2006, prepared by the Directors for inclusion in this document.

#### Balance sheet as at 10 November 2006

	<i>Notes</i>	<i>As at 10 November 2006 £</i>
<b>Current Assets</b>		
Debtor		0.02
<b>Total Assets</b>		<u>0.02</u>
<b>Share Capital</b>		
Unpaid share capital	2	0.02
Equity shareholders' funds		<u>0.02</u>

#### Notes

1. The Company was incorporated on 10 November 2006. The Company has not traded since incorporation, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

#### 2. Share capital

	<i>Number</i>	<i>£</i>
<i>Authorised</i>		
Ordinary shares of 1p each	200,000	2,000
<i>Allotted and called up share capital</i>		
ordinary shares of 1p each	2	0.02

#### 3. Post balance sheet events

Since incorporation, the Company has entered into a number of agreements with professional and other advisers exclusively in relation to its proposed admission to AIM. As at 31 January 2007, the Company had incurred and accrued professional and other fees and liabilities of approximately \$1,100,000.

## PART VIII

### Taxation

The following information, which relates to UK, Isle of Man and Indian taxation, is applicable to the Company and to persons who are resident or ordinarily resident in the UK, who hold the Ordinary Shares as investments and who are the beneficial owners of the Ordinary Shares. It is based upon the legislation and practice currently in force in the UK, Isle of Man and India. The information does not deal with the position of certain classes of shareholders, such as dealers in securities. The information is not exhaustive and if potential investors are in any doubt about the taxation consequences for them of acquiring, holding or disposing of the Ordinary Shares they should seek advice from their own professional advisers.

**It is the responsibility of all persons interested in purchasing the Ordinary Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Ordinary Shares.**

#### **Isle of Man Taxation**

The Isle of Man Government has introduced a general zero per cent. tax rate for companies with effect from 6 April 2006. The Company will be resident for tax purposes on the Isle of Man and subject to income tax at the rate of 0 per cent. An annual corporate charge is payable. The charge for the 2006/2007 tax year is £250.

There are no corporation, capital gains or inheritance taxes payable in the Isle of Man.

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

In the event of the death of a sole holder of Ordinary Shares, an Isle of Man grant of probate or administration may be required in respect of which certain fees will be payable to the Isle of Man government.

Capital duty in the Isle of Man is calculated at the rate of £15 per £1,000 or part thereof and is payable on incorporation or on any increase in the nominal value of the authorised share capital of the Company, subject to a minimum of £125 for capital up to £2,000, and to a maximum amount of duty of £5,000.

The Directive came into force on 1 July 2005. The Isle of Man has entered into bilateral agreements with the EU Member States which effectively require the Isle of Man to comply with the requirements of the Directive.

#### **UK Taxation**

##### ***Taxation of Dividends or Other Distributions***

Holders of the Ordinary Shares will receive dividends without deduction of United Kingdom income tax.

UK resident holders of the Ordinary Shares may be liable to UK income tax or corporation tax on dividends or other distributions of income made by the Company.

The income tax charge in respect of dividends for UK resident individual holders of the Ordinary Shares will (depending on the amount of the Shareholders' overall taxable income) be at the dividend basic rate of 10 per cent. or at the dividend higher rate of 32.5 per cent. For this purpose, dividends are treated as the top slice of an individual shareholder's income.

### ***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 Chapter V of Part XVII of the Taxes Act should not apply. Likewise, the provisions of section 98 and paragraph 7 of schedule 10 to the Finance Act 1996, and paragraphs 36 and 37 of Schedule 26 to the Finance Act 2002 should not apply to corporate shareholders.

A disposal of Ordinary Shares by a Shareholder (regardless of whether such Shareholder is an individual or company) who is (at any time in the relevant UK tax year) resident or, in the case of an individual, ordinarily resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains, depending on the Shareholder’s circumstances and subject to any available exemption or relief. An individual Shareholder who is not domiciled in the UK and to whom gains arise on the disposal of Ordinary Shares may only be subject to tax when he remits the proceeds to the UK, such Shareholders should seek their own advice in relation to the remittance basis.

A company which is resident in the UK for tax purposes will be liable to pay corporation tax on any gain arising on the disposal of their Ordinary Shares subject to any available relief (for example indexation relief) or exemption.

A Shareholder who is not resident (or, in the case of individuals only, ordinarily resident) for tax purposes in the UK will generally not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a company, a permanent establishment) in the UK and the Ordinary Shares are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency (or permanent establishment).

An individual Shareholder who has ceased to be resident or ordinarily resident in the UK for tax purposes for a period of less than five tax years and who disposes of Ordinary Shares during that period may also be liable, on his or her return to the UK, to UK taxation on chargeable gains (subject to any available exemption or relief).

### ***Inheritance Tax***

Ordinary Shares beneficially owned by an individual may (subject to certain exemptions and reliefs) be subject to UK inheritance tax on the death of the individual or, in certain circumstances, if the Ordinary Shares are the subject of a gift or other transfer of value by the individual.

Shareholders should consult an appropriate professional adviser if they make a gift or transfer of value of any kind or intend to hold any Ordinary Shares through trust arrangements. Shareholders should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another jurisdiction.

Provided that the Ordinary Shares are not registered in any register kept in the UK the Ordinary Shares are not assets situated in the UK for the purposes of UK inheritance tax. It is not intended that any such register will be kept in the UK. Accordingly, in the case of an individual Shareholder who is neither domiciled nor deemed domiciled in the UK a gift of Ordinary Shares by, or the death of, such a Shareholder should not give rise to a liability to UK inheritance tax.

### ***Stamp Duty and Stamp Duty Reserve Tax***

Provided that the Ordinary Shares are not registered in any register kept in the UK by or on behalf of the Company, any agreement to transfer the Ordinary Shares will not be subject to SDRT. It is not intended that any such register will be kept in the UK. No UK stamp duty will be payable on the transfer of the Ordinary Shares, provided that any instrument of transfer is executed and retained outside the UK and does not relate to any property situated, or to any matter or thing done or to be done, in the UK. Generally, stamp duty is charged at a rate of 0.5 per cent. of the consideration given (rounded up to the nearest £5).

### *Anti-avoidance*

The attention of individual Shareholders who are ordinarily resident in the UK is drawn to the provisions of sections 739 to 745 of the Taxes Act. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis.

More generally, the attention of holders of Ordinary Shares is also drawn to the provisions of sections 703 to 709 of the Taxes Act, which give powers to the United Kingdom HM Revenue & Customs to cancel tax advantages derived from certain transactions in securities.

### *Taxation of the Company*

It is the intention of the directors to conduct the affairs of the Company so that it does not become resident for taxation purposes in the UK or any other jurisdiction outside the Isle of Man and so that it does not carry out any trade in the UK or any other jurisdiction outside the Isle of Man (whether or not through a permanent establishment situated therein). On this basis, the Company should not be liable for taxation on its income or gains.

It is intended that the Company will have underlying business conducted through subsidiary or associated companies in overseas jurisdictions including India. It is expected that tax will be payable by the overseas subsidiary companies in those jurisdictions. It is expected that the Indian companies will pay tax at a rate of 33.66 per cent. in India based on current tax rates. The Directors intend to organise the Group's affairs so as to minimise, through appropriate planning and other opportunities, the incidence of taxation arising.

The Isle of Man has also introduced, with effect from 6 April 2006, a DPC regime. The effect of this regime, where it applies, is to impose a charge (at 18 per cent.) based on that proportion of a company's profits that are attributable to Isle of Man resident shareholders. However, as the Ordinary Shares will be admitted to trading on AIM, it will be outside the scope of the DPC.

Shareholders resident in the Isle of Man will, depending upon their particular circumstances, be liable to Manx income tax on dividends received from the Company. The Company is not presently required to withhold monies for tax purposes under Manx law.

Shareholders resident outside the Isle of Man will have no liability to Manx income tax on dividends received from the Company.

There is no capital gains tax, inheritance tax, stamp duty or SDRT in the Isle of Man. A probate fee may be payable in respect of the estate of a deceased Shareholder, up to a current maximum of £539.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE ORDINARY SHARES IN THE INVESTOR'S OWN CIRCUMSTANCES.**

## PART IX

### Additional Information

#### 1. Directors' responsibility

The Directors, whose names are set out on page 8 herein, and the Company having taken all reasonable care to ensure that such is the case, confirm that, to the best of their knowledge, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

#### 2. Incorporation and registered office

- (a) The Company was incorporated as a public company in the Isle of Man on 10 November 2006 under the Isle of Man Companies Acts 1931-2004 with the name Evolvence India Holdings Plc and with registered number 118297C.
- (b) The registered office and principal place of business of the Company is 15-19 Athol Street, Douglas, Isle of Man IM1 1LB. The telephone number is: +44 1624 638 300.
- (c) The liability of the Shareholders of the Company is limited.
- (d) The business of the Company, and its principal activity, is to invest in selected investment funds.

#### 3. Share and loan capital

3.1 The Company was incorporated with an authorised share capital of £2,000 divided into 200,000 ordinary shares of 1p each.

3.2 The following changes in the authorised and issued share capital of the Company have occurred between its incorporation on 10 November 2006 and 19 March 2007 (being the most recent practicable date before publication of this document):

3.2.1 on incorporation, two Ordinary Shares were allotted and issued at a price of 1p each;

3.2.2 by a special resolution passed on 19 March 2007 it was resolved, *inter alia*, to the following effect:

3.2.2.1 the Company increase its share capital by the addition of £698,000 divided into 69,800,000 ordinary shares of 1p each, to rank *pari passu* with the existing issued and unissued share capital of the Company;

3.2.2.2 the directors of the Company be authorised to allot Ordinary Shares for cash as if the provisions of the Articles (pre-emption) did not apply provided that this power shall be limited to the allotment of Ordinary Shares: (i) pursuant to the Placing Agreement; and (ii) up to such aggregate nominal amount as represents 5 per cent. of the Company's issued share capital immediately following the issue of Ordinary Shares pursuant to the Placing;

3.2.2.3 the Company be authorised for the purposes of section 13 of the Companies Act 1992 to make market purchases (as defined in Section 13(2) of the said Act) of Ordinary Shares provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is equal to 10 per cent. of the Company's issued share capital immediately following the issue of the Placing Shares;
- (b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;
- (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be the higher of: (i) 5 per cent. above the average of the middle market quotations for Ordinary Shares for the five business days before the purchase is made, taken from the AIM appendix to the Daily Official List of the

London Stock Exchange; and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase of Ordinary Shares;

- (d) the authority shall (unless previously renewed or revoked) expire on the earlier of the next annual general meeting of the Company and the date which is eighteen months after the date on which the resolution is passed;
- (e) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract;

3.2.2.4 subject to the confirmation of the Isle of Man High Court in accordance with Section 56 of the Companies Act 1931, all amounts standing to the credit of the share premium account of the Company immediately following: (i) the closing of the Placing; and (ii) the payment of the expenses and commissions associated with the placing as permitted by section 46 of the Companies Act 1931 shall be cancelled and reclassified as a distributable reserve of the Company.

3.3 65,000,000 new Ordinary Shares are to be allotted and issued pursuant to the Placing. The legislation under which the Placing Shares will be created is the Law. The Placing Shares are denominated in sterling. It is expected that they will be allotted on 22 March 2007, conditional only on Admission taking place, and issued on Admission, which is expected to be on 23 March 2007.

#### **4. Memorandum of Association and Articles of Association**

##### *4.1 Memorandum of Association*

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, subject to the 1986 Act, the capacity and the rights, powers and privileges of an individual. 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 its Memorandum but, pursuant to the 1986 Act, the Company has the capacity and, subject to the 1986 Act, the rights, powers and privileges of an individual.

The Memorandum does not set out any restrictions on the exercise of the rights, powers and privileges of the Company.

##### *4.2 Articles of Association*

###### *Variation of rights*

Subject to the provisions of the Acts, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. The foregoing shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant system in accordance with the Uncertificated Regulations.

### *Alteration of capital*

The Company in general meeting may from time to time by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (b) consolidate and/or divide, re-designate or convert all or any of its share capital into shares of larger or smaller nominal amount, or into different classes of shares than its existing shares;
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of the Acts, sub-divide its shares or any of them into shares of smaller nominal value than is fixed by the Memorandum and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Subject to the provisions of the Acts and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any undistributable reserve in any manner.

Subject to the provisions of the Acts and to any rights for the time being attached to any shares, the Company may enter into any contract for the purchase of any of its own shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any of such shares. Any shares to be so purchased may be selected in any manner whatsoever provided that if, at the relevant date proposed for approval of the proposed purchase, there shall be in issue any shares of a class entitling the holders to convert into equity share capital of the Company then no such purchase shall take place unless it has been sanctioned by a special resolution passed at a separate general meeting (or meetings if there is more than one class) of the holders of the class of convertible shares.

### *Transfer of shares*

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the Uncertificated Regulations. 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 such share until the name of the transferee is entered in the Company's register of members as the holder of the share.

No transfer of any share shall be made:

- (a) to a minor; or
- (b) to a bankrupt; or
- (c) to any person who is, or may be, suffering from mental disorder and either:
  - (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
  - (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his

detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs.

The Directors shall refuse to register the purported transfer of a share to any such person.

The Board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of a share on which the Company has no lien;
- (c) it is in respect of only one class of shares;
- (d) it is in favour of a single transferee or not more than four joint transferees;
- (e) it is duly stamped (if so required); and
- (f) it is delivered for registration to the registered office of the Company for the time being, or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board's discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may from time to time determine (subject to the Uncertificated Regulations in the case of any shares of a class which is a Participating Security as defined below). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the Acts.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the Uncertificated Regulations ("**Participating Security**"), held in uncertificated form in accordance with the Uncertificated Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Regulations.

The Board may (in its absolute discretion and without giving any reason therefor) refuse to register any transfer of a share to a "Prohibited Person" (being, *inter alia*, a person who, by virtue of his holding, may, in the opinion of the Board, cause or be likely to cause the Company and/or shareholders some regulatory, pecuniary, legal or material administrative disadvantage that might not otherwise be suffered or incurred). If any transferee is a Prohibited Person or the Board otherwise determines that the holding of shares by such transferee would be in breach of any relevant legal or regulatory requirement or would subject the Company to any adverse legal, regulatory or taxation consequences or the Board otherwise determines (in its sole discretion and without being obliged to provide its reasons therefor) that such holding is not in the Company's interest, the Company may direct such transferee to sell his shares to a person who is not a Prohibited Person within thirty days of the notice of refusal.

Notwithstanding any other provision of the Articles, if any shares are owned directly or beneficially by any person: (i) who the Directors believe to be a U.S. Person (as such term is defined in Regulation S under the U.S. Securities Act of 1933); (ii) which may cause the Company to be required to be registered as an investment company under the U.S. Investment Company Act of 1940 (as amended); or (iii) which may cause more than 25 per cent. (or such new ownership threshold that may be

established by a change in the Plan Asset Regulation 29 C.F.R. §2510.3-101 promulgated by the U.S. Government's Department of Labor) (or other applicable law) of any class of the capital of the Company to be owned by Benefit Plan Investors or in some other way the Company may be deemed to be in jeopardy of being "plan assets" under the Plan Asset Regulation referred to above, the Directors may give notice to such person requiring that person either: (a) to provide the Directors within 30 days with sufficient satisfactory documentary evidence to satisfy the Directors that such: (A) person is not a U.S. Person; (B) person's holding of shares shall not cause the Company to be required to be registered as an investment company under the U.S. Investment Company Act of 1940 (as amended) or the Company's assets to be deemed to be "plan assets" under the Plan Asset Regulation referred to above; or (C) person is not a Benefit Plan Investor as defined in the Articles, whether or not a U.S. Person; or (b) to sell or transfer the shares to a person qualified to own the same within 30 days and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer. Otherwise, the relevant person may be deemed upon the expiration of the 30 day period by the Directors to have forfeited the shares. Periodic enquiries may be made of shareholders to determine whether the foregoing restriction may have been breached. Failure to respond to such enquiries may result in the forfeiture of the relevant shareholder's shares. During such 30 day period, the shares will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company.

#### *Dividends*

Subject to the provisions of the Articles, the Company may by ordinary resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to a dividend arises.

#### *Disclosure of interests*

Any shareholder who:

- (a) acquires an interest in shares, or ceases to be interested in shares, or
- (b) becomes aware that he has acquired an interest in shares or that he has ceased to be interested in shares in which he was previously interested,

in the circumstances set below comes under an obligation (the "**obligation of disclosure**") to make notification to the Company with respect to his interests (if any), in its shares.

Where, otherwise than in circumstances set out above, a person:

- (a) is aware at the time when it occurs of any change of circumstances affecting facts relevant to the application of the foregoing provisions to an existing interest of his in shares, or
- (b) otherwise becomes aware of any such facts (whether or not arising from any such change of circumstances),

then he comes under the obligation of disclosure.

For the purposes of the obligation of disclosure:

- (a) if in some or all of those shares the shareholder has interests which are material interests (as defined in the Articles), he has a notifiable interest at any time when the aggregate nominal value of the shares in which those material interests subsist is equal to or more than 3 per cent. of the nominal value of the share capital of the Company; and
- (b) he has a notifiable interest at any time when, not having such an interest by virtue of paragraph (a), the aggregate nominal value of the shares in which he has interests (whether or not including material interests) is equal to or more than 10 per cent. of the nominal value of the share capital of the Company.

The Board may at any time serve an Information Notice upon a member, requiring the member to disclose to the Board in writing within such period (being no less than ten days and not more than thirty days) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice (“**Relevant Shares**”) to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a Disenfranchisement Notice whereupon the following sanctions shall apply:

(a) *Voting*

the member shall, not with effect from the service of the disenfranchisement notice, not be entitled in respect of the Relevant Shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(b) *Dividends and transfers*

where the Relevant Shares represent at least 0.25 per cent. in nominal value of their class:

(i) any dividend or other money payable in respect of the Relevant Shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and nor shall the member be entitled to elect, pursuant to the Articles, to receive shares instead of that dividend; and

(ii) subject in the case of uncertificated shares to the relevant Uncertificated Regulations, no transfer, other than an approved transfer, of any Relevant Shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

*Return of capital*

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that, as far as possible, be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members. But if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 222 of the Isle of Man Companies Act 1931. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine however, no member shall be compelled to accept any assets on which there is a liability.

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to Section 222 of the Isle of Man Companies Act 1931 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights. Any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

#### *Pre-emption rights*

There are no statutory pre-emption rights under Isle of Man law. However, subject as indicated below and unless the Company by special resolution otherwise directs, unissued shares in the capital of the Company shall only be allotted for cash as follows:

- (a) all shares to be allotted (the “**Offer Shares**”) shall first be offered to the members of the Company who the Directors determine can be offered such shares without the Company incurring securities offering compliance costs which, in the opinion of the Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the “**Relevant Members**”);
- (b) the offer to relevant members set out in the foregoing sub-paragraph (the “**offer**”) shall be made in proportion to the existing holdings of shares of Relevant Members;
- (c) the offer shall be made by written notice (the “**offer notice**”) from the Directors specifying the number and price of the Offer Shares and shall invite each Relevant Member to state in writing within a period, not being less than 14 days, whether they are willing to accept any Offer Shares and, if so, the maximum number of offer shares they are willing to take;
- (d) at the expiration of the time specified for acceptance in the offer notice the Directors shall allocate the Offer Shares to or amongst the Relevant Members who shall have notified to the Directors of their willingness to take any of the Offer Shares but so that no Relevant Member shall be obliged to take more than the maximum number of shares notified by him under the foregoing sub-paragraph; and
- (e) if any Offer Shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit; save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the Relevant Members.

The foregoing provisions do not apply to the allotment of any shares for a consideration other than cash, and, accordingly, the Directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit.

#### *Borrowing powers*

Subject to the other provisions of the Articles and to Isle of Man law, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, guarantee, liability or obligation of the Company or of any third party.

#### *General meetings*

Subject to provisions of the Acts, annual general meetings shall be held at such time and place as the Board may determine.

All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

The Articles make provision for a general meeting to be held at more than one location, for arrangements made limiting attendance at any one location, for a change in the place and/or time of

the meeting and for searches and/or security arrangements or restrictions considered by the Board to be appropriate.

The Board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 113 of the Isle of Man Companies Act 1931) no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the Isle of Man sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

An annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a Director or (save as provided by the Acts) a resolution of which special notice has been given to the Company shall be convened by not less than 21 clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing but may be called by shorter notice if it is so agreed, in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting, in the case of an extraordinary general meeting by a majority number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a Chairman, which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person, a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum. If within 15 minutes (or such longer interval not exceeding one hour as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than 14 nor more than 28 days thereafter. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than 14 nor more than 28 days thereafter).

#### *Votes of Members*

Subject to the provisions of the Law and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder.

#### *Retirement by Rotation*

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

#### *Directors' interests, fees and indemnity*

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract arrangement, transaction or proposal with the Company shall declare the nature of his interest at the

meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Subject to the Articles, a Director may vote and be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which he has (directly or indirectly) an interest which is material.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £200,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Executive Directors may be paid money in addition to any fee payable to them for their services as Directors. Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.

Subject to the Acts, but without prejudice to any indemnity to which he may otherwise be entitled, every Director, alternate Director, secretary or other officer of the Company (other than an auditor) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him in the actual or purported execution of his duties.

## **5. Overseas investors**

**No action has been taken to permit the distribution of this document in any jurisdiction where such action is required to be taken, including the United States, Canada, Australia and Japan. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares or should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the UK wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.**

THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE ORDINARY SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or

adequacy of this document. Any representation to the contrary is unlawful. The Ordinary Shares will be offered and sold outside the United States pursuant to the requirements of Regulation S under the Securities Act (“Regulation S”). The Ordinary Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S).

## 6. Mandatory takeover bids

The Code will apply to the Company. Also, under the Companies Act 1931, 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 other Shareholders telling them that it will compulsorily acquire their Ordinary Shares and it would execute then 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 such Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act 1931 must, in general, be the same as the consideration that was available under the takeover offer.

## 7. Directors’ and Other interests.

The Directors and members of senior management, their functions within the Company and brief biographies are set out in Part IV under the section headed Board of Directors.

- (a) Each of the Directors can be contacted at the Company’s registered address, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB.
- (b) No Director has agreed to subscribe for any Ordinary Shares under the Placing; however Mr Jay V. Jegannathan is a 30 per cent. shareholder in EIF Investment Manager, which has proposed to subscribe for 9,750,000 Ordinary Shares pursuant to the Placing, such investment represents 15 per cent. of the issued share capital of the Company following completion of the Placing. Save as aforesaid, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as known, or who could with reasonable diligence be ascertained by, each Director) an interest in the share capital of the Company or with an interest in any options in respect of such share capital.
- None of the Directors nor any person connected with a Director has any interests in the share or loan capital of the Company.
  - No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.
  - There are no outstanding loans granted by the Company to any Director, nor has any guarantee been provided by the Company for their benefit.
  - In addition to their directorships in the Company, the Directors hold, or have held within the past five years, the following directorships:

<i>Director</i>	<i>Position</i>	<i>Company/Partnership</i>	<i>Position Still Held</i>
Mr Khaled Al-Muhairy	Director	Arady P.J.S.C.	Yes
	Director	BTU Power Company	No
	Director	Evolve Capital Limited	Yes
	Director	Evolve India Fund	Yes
	Director	Ithmar Fund II LLP	Yes
	Director	EILSF Investment Manager	Yes
Mr William Knight	Chairman/ Director	Abingworth Bio Ventures II	Yes
	Director	Aladdin Investors Plc	Yes

<i>Director</i>	<i>Position</i>	<i>Company/Partnership</i>	<i>Position Still Held</i>
Mr William Knight (continued)	Founder/ Director	Emerisque Capital Limited	Yes
	Chairman/ Director	European Growth Fund Ltd	Yes
	Director	Fidelity Asian Values Plc	Yes
	Director	Greater China Corporation	Yes
	Director	Gryphon Capital Corporation	Yes
	Director	Gryphon Emerging Markets Limited	No
	Director	JP Morgan Chinese Investment Trust	Yes
	Director	KASB Bank Limited	No
	Director	KASB Capital Limited	Yes
	Director	LG India Fund Ltd	Yes
	Director	Navigator Capital Ltd	No
	Director	Navigator Corporate Advisors Ltd	Yes
	Director	Navigator Finance Ltd	No
	Director	Navigator London Finance Group Ltd	Yes
	Chairman/ Director	Siberian Investment Co Plc	Yes
	Chairman	Thai-Euro Fund Ltd	Yes
Director	William Knight & Associates Limited	Yes	
Mr Jay V. Jegannathan	Director	Evolve India Advisers Incorporated	Yes
		EIF Managers Limited	Yes
Mr Mohamed Abdel-Hadi	Director	Holland Park Capital (UK) Limited	Yes

- Other than the fact that: (i) Mr Khaled Al-Muhairy is the Chief Executive Officer of Evolve Capital as well as a director of EIF and EILSF Investment Manager; and (ii) Mr Jay V. Jegannathan is the Managing Director of Evolve India Fund, as well as being a director and shareholder of EIF Investment Manager, which is itself a 15 per cent. shareholder in EIH, none of the Directors have any business interests, nor perform any activities, outside the Company that are significant with respect to the Company.

At the date of this document, none of the Directors has at any time within the last five years:

- had any convictions (whether spent or unspent) in relation to indictable offences or convictions involving fraud or dishonesty;
- been declared bankrupt or been the subject of any individual voluntary arrangement, or been associated with any bankruptcy, receivership or liquidation in his capacity as director or senior manager;
- been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;
- been a partner or senior manager in a partnership which, while he was a partner/senior manager or within twelve months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement, or had a receiver appointed over any partnership asset;

- owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at a time or within the twelve months preceding such event; or
  - has been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was an executive director or senior manager of that company or within twelve months after his ceasing to be an executive director or senior manager.
- Save as set out in this Part IX there are:
- no potential conflicts of interest between any duties to the Company, of the Directors and their private interests and/or other duties; and
  - no arrangements or understandings with major shareholders, members, suppliers or others, pursuant to which any Director was selected.

### 8. Interests of major shareholders

So far as the Company is aware, the interests, direct or indirect, of persons in 3 per cent. or more of the Company's issued share capital, as they are expected to be immediately prior to Admission and immediately following Admission are as follows.

<i>Shareholder</i>	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares owned</i>	<i>As a percentage of issued share capital</i>	<i>Number of Ordinary Shares owned</i>	<i>As a percentage of issued share capital</i>
Mr Andrew J. Baker	1	50	0	0
Equity Limited	1	50	0	0
QVT Financial LP	0	0	15,000,000	23.1
Bank Julius Baer & Co. Ltd	0	0	12,000,000	18.5
New Star Asset Management Limited	0	0	10,000,000	15.4
EIF Managers Limited	0	0	9,750,000	15.0
Goldman Sachs International	0	0	5,000,000	7.7
SG Option Europe SA	0	0	5,000,000	7.7
Fairfax I.S. PLC	0	0	3,791,602	5.8

None of the Company's major shareholders have or will have different voting rights attached to the Placing Shares they hold in the Company.

## 9. Directors' appointment letters and remuneration

### *Directors' Terms of Appointment and Remuneration*

The Directors have each entered into a letter of appointment governed by English law. The terms of appointment for each Director are set out below.

<i>Name</i>	Mr Khaled Al-Muhairy
<i>Position</i>	Non-executive Chairman
<i>Annual Fee</i>	Nil
<i>Date of appointment</i>	24 November 2006
<i>Notice period</i>	The Director or the Company may terminate on three months' written notice. The Company may terminate with immediate effect for: (i) serious or repeated breach or non-observance of obligations to the Company; (ii) being guilty of any fraud or dishonesty or acting in any manner which, in the opinion of the Company, brings or is likely to bring the Director or the Company into disrepute or is materially adverse to the interests of the Company; (iii) being declared bankrupt or making an arrangement with or for the benefit of the Directors' creditors; or (iv) being disqualified from acting as a director.
<i>Term of Office</i>	Initial term of three years from date of appointment. Expected to serve two three year terms.
<i>Name</i>	Mr Jay V. Jegannathan
<i>Position</i>	Chief Executive Officer
<i>Annual Fee</i>	Nil
<i>Date of appointment</i>	24 November 2006
<i>Notice period</i>	The Director or the Company may terminate on three months' written notice. The Company may terminate with immediate effect for: (i) serious or repeated breach or non-observance of obligations to the Company; (ii) being guilty of any fraud or dishonesty or acting in any manner which, in the opinion of the Company, brings or is likely to bring the Director or the Company into disrepute or is materially adverse to the interests of the Company; (iii) being declared bankrupt or making an arrangement with or for the benefit of the directors' creditors; or (iv) being disqualified from acting as a director.
<i>Term of Office</i>	Initial term of three years from date of appointment. Expected to serve two three year terms.
<i>Name</i>	Mr William Knight
<i>Position</i>	Non-executive Director
<i>Annual Fee</i>	£35,000
<i>Date of appointment</i>	24 November 2006
<i>Notice period</i>	The Director or the Company may terminate on three months' written notice. The Company may terminate with immediate effect for: (i) serious or repeated breach or non-observance of obligations to the Company; (ii) being guilty of any fraud or dishonesty or acting in any manner which, in the opinion of the Company, brings or is likely to bring the Director or the Company into disrepute or is materially adverse to the interests of the Company; (iii) being declared bankrupt or making an arrangement with or for the benefit of the Directors' creditors; or; (iv) being disqualified from acting as a director.
<i>Term of Office</i>	Initial term of three years from date of appointment. Expected to serve two three year terms.

<i>Name</i>	Mr Mohamed Abdel-Hadi
<i>Position</i>	Non-executive Director
<i>Annual Fee</i>	£35,000
<i>Date of appointment</i>	26 February 2007
<i>Notice period</i>	The Director or the Company may terminate on three months' written notice. The Company may terminate with immediate effect for: (i) serious or repeated breach or non-observance of obligations to the Company; (ii) being guilty of any fraud or dishonesty or acting in any manner which, in the opinion of the Company, brings or is likely to bring the Director or the Company into disrepute or is materially adverse to the interests of the Company; (iii) being declared bankrupt or making an arrangement with or for the benefit of the directors' creditors; or (iv) being disqualified from acting as a director.
<i>Term of Office</i>	Initial term of three years from date of appointment. Expected to serve two three year terms.

**10.** The following sets out details of the directors of EIF and EILSF together with the directors and shareholders of EIF Investment Manager, the EILSF Investment Manager and the Investment Advisors:

**10.1 EIF**

The directors of EIF are:

Mr Kapil Dev Joory  
Mrs Rubina Anver Toorawa  
Mr Khaled Al-Muhairy  
Mr Gaurav Dalmia

**10.2 EIF Investment Manager**

The directors of EIF Investment Manager are:

Mr Couldip Basanta Lala  
Mr Fareed Soreefan  
Mr Jay V. Jegannathan  
Mr Ezaldeen El Araj

The holders of share capital in EIF Investment Manager are as follows:

*Participating shares (economic interest)*  
Mr Jay V. Jegannathan  
Mr Ezaldeen El Araj  
Evolve Capital  
First Capital  
Mr Paresh Thakker

*Management shares (voting)*  
Evolve Capital

**10.3 EAS**

EAS is the investment advisor to the EIF Investment Manager and is intended to be one of the investment advisors to EIH.

The directors of EAS are:

Mr Paresh Thakker  
Mr Pankaj Gupta  
Mr Krishna Kumar

The holders of share capital in EAS are as follows:

Mr Paresh Thakker  
Mr Gaurav Dalmia  
Mr Krishna Kumar

**10.4 EILSF**

The directors of EILSF are:

Mr T.M.K. Reddy  
Professor Ranjay Gulati  
Sunil Banyamandhub

### 10.5 *EILSF Investment Manager*

The directors of EILSF Investment Manager are:	Dr Anula Jayasuriya Mr Khaled Al-Muhairy Mrs Rooksana Shahabally Mr Ashraf Ramtoola
The holders of share capital in EILSF Investment Manager are as follows:	<b>“A” Shares (voting shares)</b> Mr Hari Buggana Evolvence Capital Limited <b>“B” Shares (economic interest)</b> Mr Hari Buggana Evolvence Capital Limited Dr. Anula K Jayasuriya Mr Dhananjay Mungale

### 10.6 *IAS*

IAS is the investment advisory to the EILSF Investment Manager and is intended to be one of the investment advisors to EIH.

The directors of IAS are:	Mr G. P. Rao Mr S. Narayanan Mr Hari Buggana
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The holders of share capital in IASPL are as follows:	Mr J. P. Rao Mr S. Narayanan
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### 10.7 *Investment Manager*

The directors of the Investment Manager are:	Mr Jay V. Jegannathan Mr Paresh Thakker
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The holder of share capital in the Investment Manager is as follows:	Evolvence Capital
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## 11. **Working capital**

The Directors, having made due and careful enquiry, are of the opinion that, taking into account the net proceeds receivable by the Company under the Placing, the working capital available to the Company is sufficient for its present requirements, that is, for at least the next twelve months following the date of Admission.

## 12. **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 Company within the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by the Company and which contain any provision under which the Company has any obligation or entitlement which is, or may be, material to the Company as at the date of this document:

### 12.1 *Placing Agreement*

Under the terms and subject to the conditions contained in the Placing Agreement entered into on 19 March 2007 between the Company, the Directors, Seymour Pierce and the Placing Agent, the Placing Agent has agreed to procure subscribers and purchasers for the Placing Shares (as the case may be).

The Placing Agreement contains, amongst others, the following provisions:

- (a) the Company has appointed Fairfax as Broker to the Placing;

- (b) the Company has agreed that the Placing Agent may deduct from the proceeds of the placing payable to it a cash commission of 5 per cent. of the amount equal to the Placing Price multiplied by the aggregate number of Placing Shares to be issued by the Company which the Placing Agent has agreed to procure subscribers for. All such commissions payable above will be paid together with any value added tax chargeable thereon;
- (c) the Company has agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Placing and/or Admission. In addition, the Company has agreed to pay and/or reimburse the Placing Agent in respect of any transfer taxes arising out of or in connection with the subscription for Placing Shares pursuant to the Placing Agreement; and
- (d) the Company has given certain customary representations, warranties, indemnities and undertakings to the Placing Agent. The liability of the Company is unlimited as to time and amount.

### **12.2 *NOMAD Agreement***

The Company and Seymour Pierce have entered into a nominated adviser agreement dated 19 March 2007 under which Seymour Pierce has accepted its appointment as the Company's nominated adviser for the purposes of the AIM Rules. The Company will pay Seymour Pierce an aggregate yearly fee of £25,000 in addition to the reasonable costs and expenses incurred by Seymour Pierce in carrying out its obligations under the nominated adviser agreement. The agreement contains certain undertakings, confirmation and indemnities given by the Company to Seymour Pierce. The appointment will be for a period of one year and may be terminated thereafter by either party on three months notice.

### **12.3 *Broker Agreement***

The Company and Fairfax have entered into a broker agreement dated 19 March 2007 under which Fairfax has accepted its appointment as the Company's broker for the purposes of the AIM Rules. The Company will pay Fairfax an aggregate yearly fee of £25,000 in addition to the costs and expenses incurred by Fairfax in carrying out its obligations under the broker agreement. The agreement contains certain undertakings, confirmations and indemnities given by the Company to Fairfax. The appointment is for a period of one year and may be terminated thereafter by either party on three months notice.

### **12.4 *CREST Service Provider Agreement***

The Company, Equity Limited and the CREST Service Provider have entered into a CREST service provider agreement dated 23 December 2006 pursuant to which the CREST Service Provider has agreed to compile and maintain a register from which Equity Limited shall compile the Company's register. Under the terms of the agreement, the CREST Service Provider is also obliged to provide information to Equity Limited such that it is able to maintain a register of members on behalf of the Company is the Isle of Man. The Company will pay the CREST Service Provider an annual fee of £1,000 plus a fee for each transfer registered. The Company is also obliged to meet the reasonable out-of-pocket expenses properly incurred on its behalf by the CREST Service Provider in the performance of its duties under the agreement. The agreement contains indemnification provisions in favour of the CREST Service Provider.

### **12.5 *Investment Management Agreement***

The Investment Management Agreement dated 1 March 2007 between the Company and the Investment Manager pursuant to which the Investment Manager has agreed to provide investment management services to the Company in relation to the portfolio of assets held by it from time to time. In consideration for its services thereunder, whether itself or through sub-contractors, the Investment Manager is entitled to be paid by the Company an annual management fee of 1 per cent. of the Net Asset Value of the Direct Investments (to the extent that and with effect from the date that the same have been invested or committed for investment in Direct Investments), payable bi-annually in advance. Accordingly, no part of this fixed fee is payable to the Investment Manager in relation to un-invested cash. In addition, the Investment Manager will not be due any of the the fixed fee in relation to the Net Asset Value of EIF or EILSF.

The Investment Manager may also receive a performance fee from the Company as follows:

The Investment Manager will earn a performance fee calculated as 15 per cent. of the excess of the realisation made by the Company upon exiting from any Direct Investments over the cost basis of its Direct Investment (after providing for relevant expenses incurred in making and exiting such investments) as at the end of each performance fee period of the Company.

The first performance fee calculation period shall commence on the date that the Company is fully invested and shall end on 30 June 2007, each subsequent performance fee period to commence on 1 January or 1 July and continue for a period of six months.

The performance fee will be payable to the Investment Manager within 10 business days of the end of each calculation period.

All amounts payable to the Investment Manager by the Company shall be paid together with any value added tax or similar tax, if applicable.

The Investment Management Agreement is subject to termination, *inter alia*, on twelve months' notice by the Investment Manager or six months' notice by the Company. The Agreement contains an indemnity in favour of the Investment Manager from the Company for losses it may suffer in connection with its performance of duties under the Investment Management Agreement.

#### **12.6 *Invascent Investment Advisory Agreement***

Evolve India Advisers and IAS intend to enter into an agreement in March 2007 whereby IAS will provide investment advisory services, such as review of new investment opportunities and analysis of investment related information, to Evolve India Advisers in exchange for which Evolve India Advisers shall pay to the IAS an annual fee, on a quarterly basis, such fee to be agreed at the beginning of each fiscal year. The agreement may be terminated by either party providing 90 days written notice to the other.

#### **12.7 *Evolve Advisory Investment Advisory Agreement***

Evolve India Advisers and EAS intend to enter into an agreement in March 2007 whereby EAS will provide investment advisory services, such as review of new investment opportunities and analysis of investment related information, to Evolve India Advisors in exchange for which Evolve India Advisors shall pay to the EAS an annual fee, on a quarterly basis, such fee to be agreed at the beginning of each fiscal year. The agreement may be terminated by either party providing 90 days written notice to the other.

#### **12.8 *EIF alfa cell Share Transfer Agreement***

The Company, as part of its investment mandate, intends to purchase shares in alfa cell of EIF from certain existing investors in alfa cell of EIF, with such existing investors then making a corresponding investment in beta cell with the total value of the proceeds of such sale. The Company currently intends to invest up to 31 per cent. of the Investible Funds in alfa cell of EIF through such acquisitions, giving the Company approximately 18.6 per cent. of the total shares in issue in alfa cell of EIF. As part of its purchase the Company will need to enter into a transfer agreement, provide a Shareholder Qualification Statement as well as certain anti-money laundering and taxation information, and agrees to indemnify EIF as to any losses, claims, damages, expenses and liabilities relating to or arising out of any breach of representation, warranty, covenant or undertaking.

#### **12.9 *EIF beta cell Subscription Agreement***

The Company, as part of its investment mandate, intends to subscribe for shares in beta cell of EIF on an equal basis as all current shareholders in beta cell EIF. The Company currently intends to invest up to 39 per cent. of the Investible Funds in beta cell of EIF, giving the Company approximately 51.54 per cent. of the total shares in issue in beta cell of EIF. As part of its subscription the Company will need to enter into a Subscription Agreement and provide a Shareholder Qualification Statement as well as certain anti-money laundering and taxation information, and agrees to indemnify EIF as to any losses, claims, damages,

expenses and liabilities relating to or arising out of any breach of representation, warranty, covenant or undertaking.

#### **12.10 *EILSF Subscription Agreement***

The Company, as part of its investment mandate, intends to subscribe for shares in EILSF on an equal basis as all current shareholders in EILSF. The Company currently intends to invest 10 per cent. of the Investible Funds in EILSF, giving the Company approximately 4 per cent. of the total shares in issue of EILSF (assuming EILSF completes an equity fundraising of \$150 million). As part of its subscription the Company will need to enter into a Subscription Agreement and provide a Shareholder Qualification Statement as well as certain anti-money laundering and taxation information, and agrees to indemnify EILSF as to any losses, claims, damages, expenses and liabilities relating to or arising out of any breach of representation, warranty, covenant or undertaking.

#### **12.11 *EILSF Shareholders' Agreement***

The Company, as part of its subscription in EILSF, will become a signatory to the EILSF Shareholders Agreement between EIF and various other parties. The agreement sets out, amongst other things, the basis on which capital contributions to EILSF are made and how certain parties may increase their respective capital contributions, the basis on which unused capital contributions may be returned and how profits and losses are to be allocated to the shareholders. The agreement states that, in order to satisfy certain indemnity liabilities and/or litigation costs, in certain circumstances shareholders may have to return up to 50 per cent. of the distributions they have received.

The agreement further sets out certain powers of the investment manager with regard to the provision of investment management services by it to EILSF and how the investment manager is remunerated for such services together with the basis on which certain of the investment assets of EILSF are to be valued.

#### **12.12 *EIF beta cell Shareholders' Agreement***

The Company, as part of its subscription in EIF will become a signatory to the EIF Shareholder Agreement between EIF Managers Limited, EIH and various other parties. The agreement sets out, amongst other things, the basis on which capital contributions to the beta cell of EIF may be made and the basis on which income is to be distributed to the shareholders. The agreement states that, in order to satisfy certain indemnity liabilities and/or litigation costs, in certain circumstances the beta cell shareholders may have to return up to 50 per cent. of the distributions they have received. The agreement also sets out restrictions on the transfer of shares in EIF cell beta.

#### **12.13 *EIF alfa cell Shareholder's Agreement***

The Company, as part of its purchase of certain interests in alfa cell of EIF will become a party to the EIF Shareholder Agreement for alfa cell, between EIF Managers Limited, EIH and various other parties. The agreement sets out, amongst other things, the basis on which capital contributions to the alfa cell of EIF may be made and the basis on which income is to be distributed to the shareholders. The agreement states that, in order to satisfy indemnity liabilities and/or litigation costs, in certain circumstances the alfa cell shareholders may have to return the lesser of (i) 50 per cent. of the distributions they have received, and (ii) unpaid capital commitment. The agreement also sets out restrictions on the transfer of shares in alfa cell of EIF.

#### **12.14 *Administration Agreement***

By a deed dated 28 December 2006 between the Company and Equity Limited, Equity Limited agreed to provide, *inter alia*, the following services: provision of a suitably qualified secretary ordinarily resident in the Isle of Man; provision of the registered office for the Company; the provision of summary information with respect to changes in Isle of Man law materially affecting the statutory obligations of the Company; keeping the Company's minute books; the filing of statutory returns by the Company and documents required under the Acts; maintaining the Company's share register and register of directors and officers of the Company; on receipt of Company monies, paying the same to or to the order of any custodian; acting as proxy agent in connection with holding meetings of the Company, receiving and tabulating votes cast by

proxy; and liaising with the Auditors generally and in respect of the preparation of annual and semi annual accounts.

The terms of the deed precludes Equity Limited from providing the following services: advice and assistance regarding any aspect of the Code or the continuing obligations of the Company pursuant to the AIM Rules; services (other than those listed above) which might otherwise be provided by the secretary of a company whose shares are admitted to dealing on AIM; and accounting, valuation or investment management services. The services of Equity Limited are provided on a non-exclusive basis.

In consideration of the services provided by Equity Limited, the Company pays to Equity Limited: a fixed annual charge of £15,000; fees incurred on a time spent basis in accordance with the charging rates of Equity Limited in force from time to time; and all disbursements and expenses incurred by Equity Limited in connection with the provision by it of services to the Company. The foregoing fees are subject to value added tax.

The Company and Equity Limited have given various customary warranties to each other and the Company has indemnified Equity Limited and its officers in respect of the proper performance by Equity Limited and its officers of duties undertaken by Equity Limited in terms of the deed, unless there is fraud, dishonesty, negligence wilful default or material breach on the part of Equity Limited or its officers.

The Company and Equity Limited may terminate the deed on the giving of thirty days' prior written notice, or earlier in the event of, *inter alia*, material breach of the terms of the deed or commencement of winding up. The governing law of the deed is that of the Isle of Man.

### **13. Litigation**

The Company is not, nor has been, involved in, nor, so far as the Company is aware, has, any pending or threatened governmental, legal or arbitration proceedings, during a period covering at least the previous twelve months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

### **14. Subsidiaries**

The Company does not have any subsidiaries of any kind.

### **15. Property, plant and equipment**

The Company does not have any property, plant and equipment of any kind.

### **16. Related party transactions**

Other than in respect of the subscription of Ordinary Shares in the Company by EIF Investment Manager as disclosed in paragraph 7(b) of this Part IX, the Company is not party to any related party transactions.

### **17. Intellectual property**

The Company is not dependent on any patents, licences, industrial, commercial or financial contracts, or new manufacturing processes, where such are of fundamental importance to the Company's business or profitability.

### **18. Principal investments**

Save as described in Part III herein, the Company does not have any significant investments in progress or future investments on which firm commitments have been made.

### **19. Significant change**

There has been no significant change in the financial or trading position of the Company since incorporation.

## **20. Share dealing code**

The Directors intend to comply with Rule 21 of the AIM Rules relating to the Directors' and applicable employees' dealings in the Placing Shares and to this end, the Company has adopted an appropriate share dealing code.

## **21. Consents**

Each of Fairfax I.S. PLC, Seymour Pierce Limited, Equity Limited, PricewaterhouseCoopers Private Limited and Capita Registrars (Jersey) Limited who have no material interest in the Company, have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of the references to their names in the form and context in which they appear.

## **22. Miscellaneous**

- 22.1 The expenses of, and incidental to, the Placing and Admission payable by the Company, including the London Stock Exchange fee, professional fees and the costs of preparation, printing and distribution of this document, are estimated to amount to approximately \$4.6 million (inclusive of VAT).
- 22.2 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 22.3 Each Placing Share will be offered at a premium of \$0.98 to its nominal value.
- 22.4 No Placing Shares have been marketed to, nor are available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in conjunction with the Placing. This document does not constitute an offer or the solicitation of an offer to subscribe for or buy, any securities in the Company or in any other entity.
- 22.5 No application is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any exchange other than AIM.
- 22.6 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 22.7 The ISIN of the Ordinary Shares is IM00B1HYQW54. The SEDOL code of the Ordinary Shares is B1HYQW5 and the London Stock Exchange symbol will be EIH.

## **23. Documents available for inspection**

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of this document following Admission at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL, United Kingdom:

- (a) the Memorandum and Articles referred to in paragraph 4 of this Part IX;
- (b) the letters of appointment of all of the Directors;
- (c) the letters of consent referred to in paragraph 21 of Part IX above; and
- (d) this document.

Dated: 19 March 2007







