

**Project: KUBERA**

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**Clean**

**Job Number: L15205**

**LinkwayCCP**

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document and the action you should take, you are recommended immediately to seek your own independent advice from a person duly authorised under the Financial Services and Markets Act 2000 (or, if you are a person outside of the United Kingdom, otherwise duly qualified in your jurisdiction) who specialises in the acquisition of shares and other securities.

The Directors of Kubera Cross-Border Fund Limited (the "Company"), whose names appear on page 6 of this document, accept responsibility both individually and collectively for 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 contains no omission likely to affect its import. This document, which constitutes an AIM admission document relating to the Company, has been drawn up in accordance with the AIM Rules. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000 (as amended) ("FSMA") and is not required to be issued as a prospectus pursuant to Section 85 of the FSMA.

Application has been made for the admission of the entire issued and to be issued share capital of the Company to trading on AIM, a market operated by the London Stock Exchange plc. It is expected that dealings in the Ordinary Shares will commence on AIM on 27 December 2006. The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the United Kingdom Listing Authority nor the London Stock Exchange plc has examined or approved the contents of this document. It is emphasised that no application is being made for admission of these securities to the Official List of the United Kingdom Listing Authority. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.** The whole of this document should be read. Attention is drawn in particular to the "Risk Factors" set out in Part 3 of this document.

# Kubera Cross-Border Fund Limited

*(an exempted company incorporated in the Cayman Islands with registration number MC-177892)*

## Placing of 206 million Ordinary Shares of US\$0.01 each at US\$1.00 per Ordinary Share and Admission to trading on AIM

*Nominated Adviser*  
**GRANT THORNTON  
CORPORATE FINANCE**

*Broker*  
**LCF EDMOND DE ROTHSCHILD  
SECURITIES LIMITED**

Share capital immediately following admission to trading on AIM

<i>Authorised</i>		<i>Issued and fully paid</i>		
Number	Nominal Amount	Number	Nominal Amount	
1,000,000,000	US\$10,000,000	Ordinary Shares of US\$0.01 each	206,000,000	US\$2,060,000

Grant Thornton Corporate Finance, a division of Grant Thornton UK LLP which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to the Company for the purposes of the AIM Rules in connection with the Placing and Admission and as such, its responsibilities are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director or to any other person or entity. Grant Thornton Corporate Finance will not be responsible to any person other than the Company for providing the protections afforded to clients of Grant Thornton Corporate Finance or for providing advice to any other person in connection with the Placing and Admission.

LCF Edmond de Rothschild Securities Limited is authorised and regulated by the Financial Services Authority, is a member of the London Stock Exchange plc and is acting as broker to the Company and no one else in connection with the Placing and Admission. LCF Edmond de Rothschild Securities Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of LCF Edmond de Rothschild Securities Limited or for providing advice to any other person in connection with the Placing and Admission.

**The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. Your attention is drawn to the information contained on page 2 of this document under the heading "Important Information."**

## IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this admission document and wishing to make an application for Ordinary Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, this document does not constitute an offer to sell or the solicitation of an offer to buy any of the Ordinary Shares in Canada, Australia, South Africa, the Republic of Ireland, Singapore or Japan (collectively, the "Prohibited Territories") and this document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the Cayman Islands, England and Wales, the United States, Belgium, Hong Kong, the Netherlands and Switzerland and are subject to change. This document should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

No invitation or offer, whether direct or indirect, may be or has been made to the public in the Cayman Islands to subscribe for the Ordinary Shares. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

### **FOR THE ATTENTION OF UNITED KINGDOM RESIDENTS**

Neither Grant Thornton Corporate Finance nor LCF Edmond de Rothschild Securities Limited has approved this document for the purposes of the Financial Services and Markets Act 2000 as amended ("FSMA"). This document is confidential and only for distribution in the United Kingdom (i) at any time, to persons reasonably believed by the Company to be investment professionals within the meaning of Paragraph (5) of Article 19 or to high net worth companies or unincorporated associations within the meaning of Paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529), as amended, and (ii) prior to Admission, to persons who are qualified investors within the meaning of Section 86(7) of FSMA.

Outside the United Kingdom (and subject as provided below), this document is only being sent to persons reasonably believed by the Company to be investment professionals or to persons to whom it may otherwise be lawful to distribute it. This document is being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person. As the Placing Shares will be offered to fewer than 100 persons (other than qualified investors within the meaning of Section 86(7) of FSMA) per member state of the European Economic Area, the Placing will be an exempt offer of securities to the public for the purposes of Section 86 of FSMA. Accordingly, this document is not a prospectus and does not require the approval of the FSA or any other relevant authority in any other member state of the European Economic Area.

### **FOR THE ATTENTION OF UNITED STATES RESIDENTS**

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the "Securities Act") or with any securities regulatory authority of any State or any other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the Securities Act ("Regulation S")). In addition, the Company and the Investment Manager have not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"), and investors will not be entitled to the benefits of that Act. Accordingly, the Company and the Investment Manager are not subject to the provisions of the Investment Company Act, except Section 12(d)(1) thereof in reliance upon certain exemptions from registration provided in the Investment Company Act. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and re-offer or resale of any of the Ordinary Shares in the United States or to US persons may constitute a violation of US law or regulation.

### **FOR THE ATTENTION OF SWISS RESIDENTS**

The Company has not been and will not be licensed or authorised by the Swiss Federal Banking Commission (the "SFBC") to publicly offer the Ordinary Shares in Switzerland and neither this document nor any other offering document has been or will be submitted to the SFBC for approval. Accordingly, the offer of the Ordinary Shares is restricted to a private placement as defined in Circular Letter N° 2003/1 of the SFBC (the "Circular Letter"). As a result, the Ordinary Shares may only be offered and this document and other materials in respect of an investment in the Company may only be distributed in or from Switzerland to (i) institutional investors (as defined in the Circular Letter), and (ii) a maximum of 20 non-institutional investors per business year. The offer of the Ordinary Shares and the distribution or disclosure of this document or any other document in respect of investing in the Company to persons other than those listed above, is strictly forbidden and may contravene Swiss law. Investors in the Company will not benefit from the protections granted by the Swiss Federal Act on Investment Funds of 18 March 1994 (as amended) or its implementing ordinance of 19 October 1994 (as amended).

### **FOR THE ATTENTION OF BELGIAN RESIDENTS**

The Placing is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this document or any other offering material relating to the Ordinary Shares has not been, and will not be, approved by the Belgian Banking, Finance and Insurance Commission ("Commission Bancaire, Financière et des Assurances/Commissie voor het Bank, Financie en Assurantiewezen"). Any representation to the contrary is unlawful. LCF Rothschild has undertaken not to offer sell, resell, transfer or deliver, or to take any steps thereto, directly or indirectly, any Ordinary Shares, and not to distribute or publish this document or any other material relating to the Ordinary Shares or to the Placing in a manner which would be construed as: (i) a public offering under the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions; or (ii) a public offering under the Belgian law of 22 April 2003 on the public offer of shares; or (iii) an offering of securities to the public under Directive 2003/71/EC which triggers an obligation to publish a prospectus in Belgium. Any action contrary to these restrictions will cause the recipient and the issuer to be in violation of Belgian securities laws.

### **FOR THE ATTENTION OF RESIDENTS OF THE NETHERLANDS**

The Ordinary Shares are not, will not and may not be, offered in the Netherlands other than to professional market parties in terms of Section 1c(1)(a) of the Dutch Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995 (Vrijstellingsregeling Wet toezicht effectenverkeer 1995). Therefore, pursuant to Section 1c(1)(a) of the Dutch Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995 (Wet toezicht effectenverkeer 1995), the Placing is exempted from the obligation to make generally available a prospectus that has been approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten; "AFM") or by a supervisory authority in another EU member state. No prospectus has been filed with and approved by the AFM or by a supervisory authority in another EU member state.

## **FOR THE ATTENTION OF HONG KONG RESIDENTS**

LCF Rothschild has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Ordinary Shares other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Ordinary Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **FORWARD LOOKING STATEMENTS**

This document contains forward-looking statements. These relate to the Company’s future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts 1, 2, 3 and 4 of this document. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

# CONTENTS

DIRECTORS, INVESTMENT MANAGER AND ADVISERS .....	6
DEFINITIONS .....	8
PLACING STATISTICS .....	11
EXPECTED TIMETABLE .....	11
SUMMARY INFORMATION .....	12
PART 1 THE COMPANY .....	15
1. Introduction .....	15
2. Investment Rationale .....	15
3. Investment Objective and Strategy .....	16
4. Investment Parameters .....	18
5. Investment Policies and Restrictions .....	18
6. Track Record .....	20
7. Investment Pipeline .....	20
8. Investment Process .....	21
9. The Placing .....	21
10. Co-investments and Third Party Investors .....	21
11. Group Structure .....	22
12. Conflicts Management .....	22
13. Foreign Exchange Policy .....	23
14. Distribution Policy and Discount Control .....	23
15. Repurchase of Ordinary Shares .....	23
16. Life of the Company .....	23
17. Suitability .....	23
PART 2 DIRECTORS, MANAGEMENT AND ADMINISTRATION .....	24
1. The Directors of the Company .....	24
2. The Investment Manager .....	25
3. The Advisory Panel .....	26
4. The Custodian, Administrator and Registrar .....	27
PART 3 RISK FACTORS .....	28
PART 4 OTHER INFORMATION .....	35
1. Annual Expenses .....	35
2. Accounting Policy .....	35
3. Reports and Accounts .....	35
4. Valuation Policy and Reporting .....	35
5. Taxation .....	36
6. Lock-in Arrangements .....	36
7. Admission, Settlement and Dealings .....	37
8. Further Issues of Ordinary Shares .....	37
9. Corporate Governance .....	37
PART 5 FINANCIAL INFORMATION	
A. Accountants' Report on the Historical Financial Information on Kubera Cross-Border Fund Limited .....	38
B. Unaudited Historical Financial Information on Kubera Cross-Border Fund Limited .....	40
PART 6 TAXATION .....	41
PART 7 ADDITIONAL INFORMATION .....	52

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

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### Administrator, Registrar and Company Secretary

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Century Yard  
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**Reporting Accountants**

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## DEFINITIONS

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

<b>“Administrator” or “Registrar”</b>	Multiconsult Limited, an international management and tax advisory company based in Mauritius
<b>“Admission”</b>	the admission of the entire issued and to be issued share capital of the Company to trading on AIM becoming effective in accordance with the AIM Rules
<b>“Advisory Panel”</b>	the advisory panel established by the Investment Manager and comprising initially of Messrs. Allan Loren and Phillip Riese
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules governing the operation of AIM as published by the London Stock Exchange from time to time
<b>“Articles”</b>	the Memorandum and Articles of Association of the Company
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 6 of this document
<b>“Broker” or “LCF Rothschild”</b>	LCF Edmond de Rothschild Securities Limited
<b>“Business Day”</b>	any day on which banks are open for business in London excluding Saturdays, Sundays and public holidays
<b>“Carry SP”</b>	Kubera Cross-Border Incentives SPC – Carried Interest Segregated Portfolio, a segregated portfolio of Kubera Cross-Border Incentives SPC
<b>“Cayman Islands”</b>	the British Overseas Territory of the Cayman Islands
<b>“Clearstream”</b>	the system of paperless settlement of trades and the holding of shares without share certificates administered by Clearstream Banking SA
<b>“Co-Invest SP”</b>	Kubera Cross-Border Incentives SPC – Co-Investment Segregated Portfolio, a segregated portfolio of Kubera Cross-Border Incentives SPC
<b>“Company”</b>	Kubera Cross-Border Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability
<b>“Companies Law”</b>	Companies Law (2004 Revision) of the Cayman Islands
<b>“Custodian”</b>	Butterfield Bank (Guernsey) Limited
<b>“EEA”</b>	the European Economic Area
<b>“Euroclear”</b>	the system of paperless settlement of trades and the holding of shares without share certificates administered by Euroclear Bank
<b>“Executive Team”</b>	the Investment Manager’s executive team consisting of Messrs. Kumar Mahadeva and Ramanan Raghavendran, who are also directors of the Company
<b>“FSA”</b>	the United Kingdom Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom (as amended)
<b>“GBC1”</b>	global business category 1 licence from the Financial Services Commission in Mauritius
<b>“Grant Thornton Corporate Finance”</b>	the corporate finance division of Grant Thornton UK LLP which is authorised in the United Kingdom by the FSA to carry on investment business

<b>"Group"</b>	the Company, Kubera GP, the Mauritius Company and the Limited Partnership collectively and any other limited partnership or other incorporated or unincorporated entity in which the Company may hold a direct or indirect interest from time to time (but excluding Investee Companies)
<b>"Investment Manager" or "Kubera Partners"</b>	Kubera Partners LLC, a limited liability company incorporated in the State of Delaware, USA and acting as the investment manager to the Group pursuant to the Investment Management Agreement
<b>"Investment Management Agreement"</b>	the agreement entered into between the Investment Manager, Kubera GP and the Company dated 21 December 2006, further details of which are set out in Paragraph 7.4 of Part 7 of this document
<b>"Investee Company"</b>	a company or other entity in which the Group has invested
<b>"IRR"</b>	internal rate of return, which is the interest rate at which a certain amount of capital today would have to be invested in order to grow to a specific value at a specific time in the future
<b>"Kubera Cross-Border Incentives SPC"</b>	an exempted segregated portfolio company incorporated in the Cayman Islands with two segregated portfolios being the 'Carried Interest Segregated Portfolio' and the 'Co-Investment Segregated Portfolio'. A segregated portfolio company is permitted to create one or more separate segregated portfolios in order to separate the assets and liabilities of the company held within, or on behalf of, a portfolio from the assets and liabilities of any other segregated portfolio of the company or the general assets of the company. The separation of assets and liabilities within portfolios does not create any new legal entity. The segregated portfolio company is and remains a single legal entity and any segregated portfolio does not constitute a legal entity separate from the company itself. Kubera Cross-Border Incentives SPC (on behalf of each of its two segregated portfolios) is a party to the Partnership Agreement and will, via its separate segregated portfolios, receive a carried interest payable under the Partnership Agreement and be used as the vehicle for co-investment by the Executive Team and others in the Limited Partnership. Further details of these arrangements are set out in Sections 10 and 11 of Part 1 of this document
<b>"Kubera GP"</b>	Kubera Cross-Border Fund (GP) Limited, a wholly-owned subsidiary of the Company, incorporated in the Cayman Islands with registered number MC-177956 and acting as the general partner of the Limited Partnership pursuant to the terms of the Partnership Agreement
<b>"Limited Partnership"</b>	Kubera Cross-Border Fund LP, a Cayman Islands registered exempted limited partnership constituted and established pursuant to the terms of the Partnership Agreement
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Mauritius Company"</b>	Kubera Cross-Border Fund (Mauritius) Limited, a wholly-owned subsidiary of Kubera GP, incorporated in Mauritius with a registered number 067347
<b>"Net Asset Value"</b>	the value of the assets of the Company less its liabilities, as determined by guidelines laid down by the Board from time to time, further details of which are set out in Part 4 of this document
<b>"Net Asset Value per Share"</b>	the Net Asset Value divided by the number of the Ordinary Shares in issue from time to time
<b>"Official List"</b>	Official List of the United Kingdom Listing Authority
<b>"Ordinary Shares"</b>	ordinary shares of \$0.01 each in the capital of the Company

<b>“Partnership Agreement”</b>	the amended and restated limited partnership agreement dated 21 December 2006 which constitutes the Limited Partnership entered into between the Company, Kubera GP, Co-Invest SP and Carry SP, further details of which are set out in Paragraph 7.7 of Part 7 of this document
<b>“Placees”</b>	those persons who have entered into a placing letter with the Company in connection with the Placing
<b>“Placing”</b>	the conditional placing of the Placing Shares by LCF Rothschild at the Placing Price
<b>“Placing Agreement”</b>	the conditional agreement entered into between the Company, the Investment Manager, Grant Thornton Corporate Finance, LCF Rothschild and the Directors dated 21 December 2006, further details of which are set out in Paragraph 7.3 of Part 7 of this document
<b>“Placing Price”</b>	\$1.00 per Ordinary Share
<b>“Placing Shares”</b>	206 million Ordinary Shares that will be issued by the Company in connection with the Placing
<b>“Prospectus Rules”</b>	the Prospectus Rules published by the FSA under Part VI of FSMA
<b>“QEF”</b>	a qualified electing fund
<b>“Qualified Institutional Buyer” or “QIB”</b>	a Qualified Institutional Buyer as defined in Rule 144A under the US Securities Act of 1933, as amended
<b>“Qualified Purchaser” or “QP”</b>	a Qualified Purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act
<b>“Regulatory Information Service Provider”</b>	a regulatory information service provider that is approved by the FSA
<b>“Rupee”</b>	the rupee, being the lawful unit of currency in India
<b>“Shareholders”</b>	holders of the Ordinary Shares
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US”, “USA” or “United States”</b>	the United States of America, its Territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
<b>“US GAAP”</b>	United States Generally Accepted Accounting Principles
<b>“Valuation Date”</b>	the last Business Day of each quarter, and/or such other Business Day as the Directors may, from time to time, prescribe as a Valuation Date
<b>“\$” or “US Dollars”</b>	the lawful currency of the US
<b>“£” or “Pound Sterling”</b>	the lawful currency of the UK

## PLACING STATISTICS

Placing Price	\$1.00
Market capitalisation at the Placing Price on Admission	\$206,000,000
Number of Ordinary Shares in issue following Admission	206,000,000
Estimated net proceeds of the Placing receivable by the Company	\$198,670,000
Estimated initial Net Asset Value per Share on Admission*	\$0.964

\* Derived by dividing the estimated net proceeds of the Placing by the total number of Ordinary Shares in issue following Admission.

## EXPECTED TIMETABLE

Publication of AIM admission document on	21 December 2006
Admission of the Ordinary Shares to trading on AIM and commencement of dealings at 8.00 a.m. (London time) on	27 December 2006
Crediting of Euroclear/Clearstream stock accounts in respect of the Ordinary Shares by	27 December 2006
Share certificates in respect of the Ordinary Shares dispatched by	10 January 2007

*Save in relation to the date on which the admission document is published, each of the times and dates in the above timetable are subject to change.*

## SUMMARY INFORMATION

The attention of potential investors is drawn to the risk factors set out in Part 3 of this document. The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss, that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company. This information should be read as an introduction to the full text of this document and any decision to invest in the Ordinary Shares should be based on consideration of the full text of this document.

### THE COMPANY

Kubera Cross-Border Fund Limited is a newly incorporated, closed-end, Cayman Islands company established to make investments in businesses that leverage India-based resources for lower costs or greater access to talent. The Company intends to focus its investments on businesses that serve, or seek to serve, customers in North American and European markets for all or part of their activities. Investment targets for the Company will include Indian businesses that provide services to clients in developed country markets, and US-based companies whose business model may benefit substantially from the opportunity to utilise Indian outsourcing services. Although the Company's investments will focus primarily on businesses with links to India, if deemed appropriate, the Company may invest in businesses that utilise resources in other low-cost countries, such as China or the Philippines.

The Directors and the Investment Manager believe that the Company will be the first publicly traded, dedicated investment vehicle to focus exclusively on such cross-border businesses and value arbitrage opportunities. The Company intends to generate attractive returns for its Shareholders through the utilisation of the Executive Team's private equity and operational knowledge and by capitalising on the Executive Team's proven track record of successful cross-border investments.

### THE INVESTMENT MANAGER

The Company has appointed Kubera Partners LLC, a newly incorporated investment management company as its investment manager. The Investment Manager intends to operate out of offices in New York and Mumbai. The two founding principals of the Investment Manager, Messrs. Kumar Mahadeva and Ramanan Raghavendran, have, in aggregate, over 30 years of operating and investment experience in the India-centric cross-border sector. Kumar Mahadeva was the founder of Cognizant Technology Solutions Corp., now one of the largest India-centric IT services businesses with a market capitalisation in excess of \$11 billion. Ramanan Raghavendran, who has worked at General Atlantic, Insight Venture Partners and TH Lee Putnam Ventures, has over 14 years of private equity experience, having led 21 investments generating a gross IRR of 88.8 per cent. and 3.5 times multiple of cost. In order to augment the experience and expertise of the Investment Manager, it has established the Advisory Panel which will consist of complementary business leaders and investment specialists.

### INVESTMENT RATIONALE

As economies continue to globalise, cross-border businesses are well-positioned to service international clients from low-cost delivery locations. Major global companies have embraced the concept of outsourcing key functions to cross-border service providers who are often able to provide necessary business services at reduced costs. Over the last two decades, India has become a preferred location for such outsourcing activity because of the combination of its large English-speaking labour pool as well as low wage levels. The Company will target cross-border businesses that leverage India-based resources, which the Directors and the Investment Manager believe is an attractive sector for the Company's investments.

The Directors and the Investment Manager believe that these types of investments require a specialist combination of skills in order to generate optimal returns including knowledge of how to build direct sales forces in the US and Europe; knowledge of how to effect delivery of services from India and other low-cost destinations for clients in the US and Europe; experience with acquisitions in the US, Europe and India; extensive operational experience and extensive private equity experience. In the Directors' and the Investment Manager's view, this combination of skills needs to be brought to bear on every investment in an integrated fashion. Consequently, the Directors and the Investment Manager believe that the Company

has the specialist skill set to pursue opportunities in this sector because of the Investment Manager's integrated approach as well as the proven and successful track record of the Executive Team in this sector.

## INVESTMENT OBJECTIVE AND STRATEGY

The Company's investment objective is to seek to achieve returns by making capital investments, through the Group, in India-centric cross-border businesses. The Group will invest and hold equity and/or debt securities in its Investee Companies, ideally securing majority control, where the Investment Manager believes that the experience and expertise of the Executive Team will facilitate growth, improve profitability, and enable an attractive exit.

The Group will seek to make India-centric investments that fall into the broad categories of North American or Europe-based businesses that seek to outsource key functions to India; and India-based companies that serve, or wish to serve, North American or European markets and that can benefit from more developed, Western-style management and sales processes.

The Group expects to focus the majority of its investments in the business services and IT-enabled services sector. As these businesses share numerous common characteristics, the Investment Manager envisages that it will be able to share best practices, expertise and networks amongst them. Due to their superior competitive position and growth, companies with cross-border business models are often afforded higher earnings multiples by financial markets compared to purely domestic businesses in the same sector.

The Executive Team has, in aggregate, over 30 years of operating and investment experience in the India-centric cross-border sector and bring a wide-ranging network of contacts in the industry, including entrepreneurs, investment bankers, consultants, lawyers and other investors. This network is a significant source of deal flow consisting of potential investment targets for the Group. In addition to this source of deal flow, the Investment Manager intends to proactively engage in efforts to source transactions which would be suitable for investment by the Group.

The Directors and the Investment Manager believe that the Group will have the opportunity to participate in transactions not generally available to more general-purpose or country-specific private equity firms. The Investment Manager believes it is well positioned to provide value and experience to Investee Companies. The Company also believes that it will benefit from the Investment Manager's intended positioning of the Company as a preferred investment partner in the cross-border business sector.

Once an investment has been made, the Investment Manager, through the Executive Team, will adopt a pro-active approach to adding value to the Investee Company.

## INVESTMENT POLICIES AND RESTRICTIONS

The Investment Manager will adhere to the Company's investment policies and restrictions, which include the following:

- **Target Companies.** An Investee Company should have at least \$10 million in annual revenues (post-acquisition if the Group's investment is intended to facilitate future acquisitions). The Investee Company should also be profitable or be on a relatively short projected path to profitability, have a strong management team and present an opportunity for the Investment Manager to add substantial value. The Group will not invest in an Investee Company unless the Investment Manager expects the investment to achieve an IRR of at least 25 per cent. for the Group. A typical investment is anticipated to generate an IRR of between 25 per cent. and 50 per cent. **Potential investors should note that these expectations are not to be taken as profit forecasts and furthermore, the past performance of funds or assets managed by the Executive Team is not necessarily indicative of the future performance of the Group.**
- **Investment Size.** The size of each of the Group's investments will range from \$20 million to \$70 million but initial investments in any Investee Company may be smaller if the Company anticipates that follow-on investments will be required. No one initial investment will exceed 20 per cent. of the Company's Net Asset Value at the time of the investment. Generally, the Company intends to take a minimum stake of 10 per cent. in each Investee Company.
- **Control of Investee Companies.** The Group will typically seek to secure a control position in the Investee Company, either solely or as part of an investment consortium. There is no assurance, however, that the Company will be successful in securing control positions. In the event that the Group

holds a minority interest, the Investment Manager will seek to secure adequate minority protection rights. The Investment Manager also intends to take board seats on all Investee Companies.

## **GROUP STRUCTURE**

In order to ensure that investments to be made by the Company in the Investee Companies, and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has established the Limited Partnership as an exempted limited partnership in the Cayman Islands. The limited partners of the Limited Partnership are the Company, Carry SP and Co-Invest SP (segregated portfolios of Kubera Cross-Border Incentives SPC). As at the date of this document, Kubera Cross-Border Incentives SPC is wholly-owned by the Executive Team. The general partner of the Limited Partnership is Kubera GP, a wholly-owned subsidiary of the Company. The Mauritius Company has also been incorporated as a wholly-owned subsidiary of Kubera GP.

## **THE PLACING**

The Placing comprises a limited offer by the Company of 206 million Placing Shares to raise gross proceeds of approximately \$206 million (net proceeds of approximately \$198.67 million). The Placing Shares have been offered to selected investors at a Placing Price of \$1.00 per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced, and the Placing is not underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to fund investments for the Group in accordance with the investment objective, strategy and policies outlined in this document, and to pay the Group's ongoing ancillary costs. LCF Rothschild has undertaken to use reasonable endeavours to procure places for 206 million Ordinary Shares, as placing agent for the Company, at \$1.00 per Ordinary Share.

## **Fees, Carried Interest and Expenses**

The Company will bear the expenses of the Placing. The Directors anticipate these expenses will not exceed 3.6 per cent. of the gross proceeds of the Placing. The Investment Manager will receive from the Company an aggregate investment management fee of two per cent. of the Net Asset Value per annum to be paid quarterly in advance based on the month end Net Asset Value at the end of the previous quarter. Under the terms of the Partnership Agreement, Carry SP is entitled to receive a carried interest from the Limited Partnership equivalent to 20 per cent. of the aggregate return over investment received by the Limited Partnership following the full or partial cash realisation of an investment. The Executive Team is entitled to the benefit of any carried interest received by Carry SP.

The payment of the carried interest is conditional upon the most recent announced Net Asset Value (as adjusted to add back the value of any income or capital shareholder distributions to date) at the date of payment of such carried interest, being equal to or greater than the value of the gross proceeds of the Placing. In addition, the carried interest payment will be adjusted, up or down, by such amount as is required to achieve the position that, following such distribution, the aggregate cumulative amount of carried interest paid to Carry SP at the date of such distribution will equal 20 per cent. of the eligible carried interest proceeds (being the net realised gains of the Limited Partnership to the date of such distribution reduced by the net unrealised losses). Such adjustment may include a clawback of previous carried interest.

The Company will also bear various ongoing expenses, as set out in more detail in Part 4 of this document.

## PART 1

### THE COMPANY

#### 1. INTRODUCTION

Kubera Cross-Border Fund Limited is a newly incorporated, closed-end, Cayman Islands exempted company established to make investments in businesses that leverage India-based resources for lower costs and greater access to talent. The Company intends to focus its investments on businesses that serve, or seek to serve, customers in North American and European markets for all or part of their activities. Investment targets for the Company will include Indian businesses that provide services to clients in developed country markets, and US-based companies whose business model may benefit substantially from the opportunity to utilise Indian outsourcing services. Although the Company's investments will focus primarily on businesses with links to India, if deemed appropriate, the Company may invest in businesses that utilise resources in other low-cost countries, such as China or the Philippines.

The Directors and the Investment Manager believe that the Company will be the first publicly traded, dedicated investment vehicle to focus exclusively on such cross-border businesses and value arbitrage opportunities. The Company intends to generate attractive returns for its Shareholders through the utilisation of the Executive Team's private equity and operational knowledge and by capitalising on the Executive Team's proven track record of successful cross-border investments.

The Company has appointed Kubera Partners LLC, a newly incorporated investment management company as its investment manager. In order to augment the experience and expertise of the Investment Manager, Kubera Partners has established the Advisory Panel which will consist of complementary business leaders and investment specialists. The Investment Manager will be responsible for considering and approving transactions (including divestments) that are suitable for the Company. Arrangements will be established between the Company and the Investment Manager, enabling the Board to be informed on a timely basis about transactions and the investment process, in a manner appropriate to the performance of its functions and the respective roles of the Investment Manager and the Board.

The Company's capital structure is comprised of a single class of Ordinary Shares which will be admitted to trading on AIM. As at the date of this document, the Group consists of the Company, Kubera GP (a wholly-owned subsidiary of the Company), the Limited Partnership and the Mauritius Company (a wholly-owned subsidiary of Kubera GP). The Company intends to make its Indian investments via the Limited Partnership and the Mauritius Company.

#### 2. INVESTMENT RATIONALE

As economies continue to globalise, cross-border businesses are well-positioned to service international clients from low-cost delivery locations. Major global companies have embraced the concept of outsourcing key functions to cross-border service providers who are often able to provide necessary business services at reduced costs. Over the last two decades, India has become a preferred location for such outsourcing activity because of the combination of its large English-speaking labour pool as well as low wage levels.

The Company will target cross-border businesses that leverage India-based resources, which the Directors and the Investment Manager believe is an attractive sector for the Company's investments. The Company intends to pursue a number of investment types based on the Executive Team's experience of transactions of this nature. These investment types are:

- **Growth Capital Investments.** Companies that are in attractive market segments seeking capital for growth, for example Indian companies seeking to build sales forces in North American and/or European markets.
- **Corporate Spinouts.** Captive corporate units that primarily serve their parent companies but have service offerings that are relevant to a broader market.
- **Cross-border Acquisitions.** Acquisition capital for Indian companies seeking distribution in North America or Europe, or Western companies seeking sourcing capabilities in India.
- **Transformational Investments.** Primarily Western enterprises that can be transformed into cross-border enterprises through the re-engineering of delivery processes.

The Directors and the Investment Manager believe that these types of investments require a specialist combination of skills in order to generate optimal returns, including knowledge of how to build direct sales forces in the US and Europe; knowledge of how to effect delivery of services from India and other low-cost destinations for clients in the US and Europe; experience with acquisitions in the US, Europe and India; extensive operational experience and extensive private equity experience.

In the Directors' and the Investment Manager's view, this combination of skills needs to be brought to bear on every investment in an integrated fashion. The Directors and the Investment Manager believe that most global private equity firms do not adopt such an integrated approach, and most country-specific funds, whether in the US or India, do not possess all of the requisite skills. Consequently, the Directors and the Investment Manager believe that the Company has the specialist skill set to pursue opportunities in this sector because of the Investment Manager's integrated approach as well as the proven and successful track record of the Executive Team in this sector.

### **3. INVESTMENT OBJECTIVE AND STRATEGY**

The Company's investment objective is to seek to achieve returns by making capital investments, through the Group, in India-centric cross-border businesses. The Group will invest and hold equity and/or debt securities in its Investee Companies, ideally securing majority control, where the Investment Manager believes that the experience and expertise of the Executive Team will facilitate growth, improve profitability, and enable an attractive exit. The Group will not invest in an Investee Company unless the Investment Manager expects the investment to achieve an IRR of at least 25 per cent. for the Company. A typical investment is anticipated to generate an IRR of between 25 per cent. and 50 per cent. **Potential investors should note that these expectations are not to be taken as profit forecasts and furthermore, the past performance of funds or assets managed by the Executive Team is not necessarily indicative of the future performance of the Group.**

The key elements of the Group's investment strategy are as follows:

#### **(i) Sector Focus on India-centric Cross-border Private Equity Investments**

The majority of the Group's investments are expected to be in the area of India-centric cross-border business and IT services, which is a large, diverse and rapidly growing industry. The market for cross-border IT and business services delivered from India to customers in developed countries has grown rapidly to an estimated \$36.3 billion in 2006 from an estimated \$21.6 billion in 2004. Nevertheless, this is a small proportion of the global IT and business services market which is valued at an estimated \$471 billion in 2006. While most services are still delivered locally, the cross-border model is gaining market share and the Investment Manager expects this trend to continue. The growth in this sector has been helped by several factors including: India's improving telecommunications infrastructure, including high bandwidth links connecting India with the US and Europe; the availability of a large talent pool of college graduates in India; and the continuing trend among companies in more developed countries to outsource functions for lower cost.

The Group will seek to make India-centric investments that fall into the broad categories of North American or Europe-based businesses that seek to outsource key functions to India; and India-based companies that serve, or wish to serve, North American or European markets and that can benefit from more developed, Western-style management and sales processes.

The Executive Team's experience in this sector includes other low-cost jurisdictions such as the Philippines, China and the Caribbean. On a selective basis, and if the Investment Manager believes such experience can facilitate attractive returns, the Group will invest in companies that utilise resources in these other countries.

#### **(ii) Common Attributes of Investment Targets**

The Group expects to focus the majority of its investments in the business services and IT-enabled services sector. As business services and IT-enabled businesses share numerous common characteristics, the Investment Manager envisages that it will be able to share best practices, expertise and networks amongst them. These common characteristics will also enable the Investment Manager to add value in a more scalable manner to each of the investments that it makes on behalf of the Group. These characteristics include:

- **Dependency on Human Capital.** Service businesses are dependent on their employees to provide superior value to clients. This is particularly true for cross-border businesses that have to manage multiple locations in different time zones, each of which has a unique and distinct geography, culture and labour practice. The Investment Manager believes that its management experience and established relationships with industry professionals will enhance an Investee Company's ability to recruit, train and retain key management in India and in developed markets.
- **Process Orientation.** Services businesses offer opportunities for the Group to create value in the Investee Companies by re-engineering processes and establishing continuous quality and process improvement methods.
- **Direct Sales Models.** Businesses that offer services directly to their end customers rather than through channel partners are better positioned to capture incremental value and create long-term recurring relationships. The Executive Team has had successful experience in establishing effective cross-border sales models with senior salespersons in the US supported by proposal teams in India.
- **Use of Technology for Operating Leverage.** Most service businesses still depend on manual processes. Investment in proven technology will enable many services businesses to automate these manual processes and provide increased levels of service at lower cost.
- **Recurring Revenue.** Services businesses operate on a recurring revenue business model which provides revenue predictability and stability through multi-year service contracts. This model also provides the businesses with the opportunity to grow client relationships over time through effective account management practices.

(iii) **Pro-active Sourcing of Investments**

The Executive Team has, in aggregate, over 30 years of operating and investment experience in the India-centric cross-border sector and bring a wide-ranging network of contacts in the industry, including entrepreneurs, investment bankers, consultants, lawyers and other investors. This network is a significant source of deal flow consisting of potential investment targets for the Group.

In addition to this source of deal flow, the Investment Manager intends to proactively engage in efforts to source transactions which would be suitable for investment by the Group. The Investment Manager will use a structured deal sourcing process, using systematic market research to identify interesting niches in the industry coupled with a calling programme to contact chief executive officers and intermediaries.

The Investment Manager believes that it will be able to implement, on behalf of the Group, an investment sourcing strategy that will consistently generate deal flow, which in turn will ultimately enhance returns for Shareholders.

(iv) **Preferred Investment Partner**

The Directors and the Investment Manager believe that the Group will have the opportunity to participate in transactions not generally available to more general-purpose or country-specific private equity firms. The Investment Manager believes it is well positioned to provide value and experience to Investee Companies. The Company also believes that it will benefit from the Investment Manager's intended positioning of the Company as a preferred investment partner in the cross-border business sector. Key attributes that lead to such a positioning include:

- **Advantaged Deal Flow.** As described above, the Executive Team's networks and focus will create investment opportunities through both inbound and outbound channels.
- **Strong Reputation.** The Executive Team's ability to add value to the Group's investments, the Executive Team's relationships with key intermediaries, and the Executive Team's market reputation is expected to benefit the Group in a competitive environment.
- **Recruitment of Superior Management Teams.** The Executive Team's network and track record of success has enabled them to recruit strong management teams for their previous portfolio companies in India, the US and elsewhere.

- **Customer Introductions.** With a combined 30 years of industry-specific investments and operating experience, the Executive Team will be able to make senior-level customer introductions to Investee Companies.
- **Synergies Between Investee Companies.** The similar business model and target customer bases of the Investee Companies will allow for collaboration and synergies.
- **Relationship with Potential Exit Partners.** The Executive Team's sector experience and networks will create potential exit opportunities with both strategic and financial buyers.

(v) **Activist Approach to Adding Value**

Once an investment has been made, the Investment Manager, through the Executive Team, will adopt a pro-active approach to adding value to the Investee Company. The Directors and the Investment Manager believe that this value addition will primarily, but not solely, derive from three sources:

- **Sales Process Enhancement.** Many medium-sized enterprises in India with strong service offerings lack the expertise to rapidly expand their market share in more developed markets. The Executive Team has substantial experience in working with Indian enterprises to help them expand in more developed markets by building strong sales and account management organizations, executing cross-border acquisitions and building strong brands.
- **Offshore Sourcing.** In general, many medium-sized enterprises in North American and European markets do not have comprehensive offshore sourcing strategies. The Executive Team has substantial experience helping such enterprises establish offshore sourcing strategies which can lead to margin improvement and accelerated growth due to improved competitive position and resource availability. As soon as practicable after Admission, the Investment Manager intends to employ full-time staff members in India to assist the Investee Companies with offshore sourcing.
- **Accretive Acquisitions.** Investee Companies may seek to make accretive acquisitions with the assistance of the Investment Manager. These acquisitions could expand the service footprint, vertically integrate India-based delivery, or create a foothold in a more developed market for an Indian company. The Executive Team has experience in identifying, closing and integrating such acquisitions, which could create substantial value for the Investee Company.

(vi) **Potential Valuation Arbitrage**

Due to their superior competitive position and growth, companies with cross-border business models are afforded higher earnings multiples by financial markets compared to purely domestic businesses. For example, the median forward price/earnings multiple as at 4 December 2006 for the leading Indian IT services companies (namely Wipro, Infosys, Kanbay, WNS, and Cognizant) is 30.7 times, compared to the corresponding figure of 17.2 times for a basket of leading US IT services companies (namely Accenture, Bearingpoint, Electronic Data Systems, Perot Systems and Keane). As described above, the Executive Team has proven expertise in transforming domestic businesses into cross-border enterprises, which are usually afforded higher earnings multiples if they are successful.

**4. INVESTMENT PARAMETERS**

So long as the investments fall within the scope of the Company's investment policies, there is no restriction on the types of securities and instruments that the Group can invest in nor is there any restriction on the economic sectors or types of industry that the Group can invest in. The Group will generally seek to secure a controlling interest in an Investee Company where possible, but may also pursue, without restriction, minority interests, convertible securities, private investments in public enterprises (more commonly known as "PIPEs"), debt instruments, and investments in other special situations where the Investment Manager believes that attractive returns are achievable.

**5. INVESTMENT POLICIES AND RESTRICTIONS**

The Investment Manager will invest in order to provide the Company with the best possible returns whilst adhering to the following investment policies and restrictions:

- **Target Companies.** An Investee Company should have at least \$10 million in annual revenues (post-acquisition if the Group's investment is intended to facilitate future acquisitions). The Investee

Company should also be profitable or be on a relatively short projected path to profitability, have a strong management team and present an opportunity for the Investment Manager to add substantial value. The Group will not invest in an Investee Company unless the Investment Manager expects the investment to achieve an IRR of at least 25 per cent. for the Group. A typical investment is anticipated to generate an IRR of between 25 per cent. and 50 per cent. **Potential investors should note that these expectations are not to be taken as profit forecasts and furthermore, the past performance of funds or assets managed by the Executive Team is not necessarily indicative of the future performance of the Group.**

- **Geographic Focus.** The Group intends to make investments in companies or assets located in India and in the US. As discussed elsewhere in this document, the Group may selectively target companies that use low-cost domiciles other than India and may also selectively target companies that serve other attractive developed markets, such as Japan. The geographic mix of investments may vary over time depending on the relative attractiveness of opportunities among countries and regions.
- **Type of Investments.** Investments will be funded by way of cash. Ordinary Shares will not be used as consideration for any investments.
- **Number of Investments.** At any one time and after being fully invested, the Investment Manager will actively manage a concentrated portfolio of approximately six to twelve investments. The Investment Manager believes that this allows for the deployment of the activist strategy outlined above, thereby improving returns and reducing risk.
- **Investment Size.** The size of each of the Group's investments will range from \$20 million to \$70 million but initial investments in any Investee Company may be smaller if the Company anticipates that follow-on investments will be required. No one initial investment will exceed 20 per cent. of the Company's Net Asset Value at the time of the investment. Generally, the Group intends to take a minimum stake of 10 per cent. in each Investee Company.
- **Control of Investee Companies.** The Group will typically seek to secure a control position in an Investee Company, either solely or as part of an investment consortium. There is no assurance, however, that the Company will be successful in securing control positions. In the event that the Group holds a minority interest, the Investment Manager will seek to secure adequate minority protection rights. The Investment Manager also intends to take board seats on all Investee Companies.
- **Borrowing.** The Group will be permitted to use debt at the investment level where appropriate and may borrow, for investment or short term funding purposes, amounts of up to 20 per cent. of Net Asset Value calculated at the time of borrowing. The Group may also use overdraft and other short-term borrowing facilities to provide short-term working capital needs, including to meet any expenses or fees payable by the Group.
- **Realisation of Investments.** The Group will aim to realise individual investments when the Investment Manager believes that such a realisation would be in the best interests of the Company and would fulfill its investment objective. It is currently anticipated that an investment will typically be held for two to five years, although the Investment Manager reserves the right to hold investments with strong growth prospects beyond this time horizon. The Investment Manager believes that if a business is performing well and continues to create sufficient value then it may be appropriate to hold an investment in that business for a longer period of time.
- **Investment Timeline.** The Investment Manager believes that at least half of the Placing proceeds will be invested within 12 months following Admission. The Company intends to be fully invested within 18 months from the date of Admission, subject to standard holdbacks for potential follow-on investments and future management fees. If no investments have been made by the Company within two years of Admission, the Directors undertake to propose a resolution for the winding-up of the Company.
- **Uninvested Funds.** Cash pending investment, reinvestment or distribution will be placed in bank deposits, bonds or government-issued treasury securities of the United States and its agencies, or in capital-guaranteed schemes offered by major global financial institutions, in order to protect the capital value of the Group's cash assets.

The Directors will review the investment policies set out above on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Company intends to adhere to the above investment policies for at least three years after Admission, subject to amendment by the Shareholders. In the event of a breach of any of the above-listed investment restrictions, the Investment Manager shall inform the Board upon becoming aware of the same and the Board shall discuss such breach with the Company's nominated adviser as to whether notification should be made to a Regulatory Information Service Provider.

## **6. TRACK RECORD**

The Executive Team has, in aggregate, over 30 years of operating and investment experience in the India-centric cross-border sector. Messrs. Mahadeva and Raghavendran have worked together for several years prior to founding the Investment Manager.

Kumar Mahadeva has 28 years of operating experience in the IT services and business process outsourcing industries. Over this period, he has developed significant experience in cross-border businesses, technology-enabled services, strategy development, public company management, mergers and acquisitions analysis and general business processes delivery. In 1994, Mr. Mahadeva founded Cognizant Technology Solutions Corp. as a joint venture between Dun & Bradstreet and the Satyam Corporation and became the company's global Chief Executive Officer in 1996. Cognizant, which is listed on NASDAQ, is a leading provider of IT services based in the US. During his decade-long tenure as Chairman and Chief Executive Officer of Cognizant, Mr. Mahadeva created more than \$4 billion in company value and generated a total shareholder return in excess of 2,700 per cent. from Cognizant's debut on NASDAQ in 1998 to Mr. Mahadeva's retirement as Chief Executive Officer in December 2003.

Ramanan Raghavendran has 14 years of cross-border private equity investing experience, starting at General Atlantic Partners, a New York-based private equity firm focussed on IT services, enterprise software and other technology-enabled businesses. Mr. Raghavendran subsequently joined Insight Venture Partners as a senior partner and moved to India in 2000 to found ConnectCapital, an Insight affiliate dedicated to making cross-border venture capital investments using India-based resources, primarily in the outsourcing sector. Since 2002, Mr. Raghavendran has been at TH Lee Putnam Ventures, a technology-focused private equity firm based in the US. In each of his positions, he has generated a successful investment record in businesses which are similar to those which are at the core of the Company's investment strategy. Since 1992, Mr. Raghavendran has led 21 investments generating a gross IRR of 88.8 per cent. and 3.5 times multiple of cost.

Further details of the Executive Team are set out in Part 2 of this document.

## **7. INVESTMENT PIPELINE**

The Investment Manager has developed a strong pipeline of potential investments for the Group and expects this pipeline to expand substantially following Admission. While the Group does not have any legally binding agreements in place relating to any potential investments, the Investment Manager is currently in discussions with a number of potential Investee Companies, including:

- a cross-border legal services company which provides high-end legal support services to major US and European law firms;
- an Indian marketing services company which provides analytic marketing services to publishing and media companies in more developed markets;
- a US/UK outsourcing company which provides customer care, collections and back office processing services to Fortune 500 companies;
- an Indian outsourcing company focussed on financial services that seeks to acquire a UK asset in the same sector; and
- an outsourcing business headquartered in the US that uses India-based resources to provide technical support and related services.

The completion of any transactions relating to any of the companies listed above will depend upon, *inter alia*, satisfactory due diligence and the execution of mutually satisfactory legally binding agreements. As such, at the date of this document, there is no guarantee that the Group will make investments into all or any of the potential investment targets listed above nor is the Placing conditional upon the Group making an investment in any of the potential opportunities described above.

## 8. INVESTMENT PROCESS

The Investment Manager, drawing on the Executive Team's extensive experience and business contacts in North America, Europe and India, will carefully select a limited number of investment opportunities by adhering to a thorough investment process that includes:

- a pre-investment initial review which comprises an initial screening, assessment for strategic fit, value addition potential and portfolio synergies;
- a pre-investment assessment which comprises a market assessment, an assessment of the growth opportunity and a review of existing management; and
- a pre-investment commercial, financial, legal and market due diligence exercise.

The Investment Manager will prepare a report covering the key aspects of each proposed investment for submission to the investment committee, to be constituted by the Investment Manager, for consideration and approval. The Executive Team will initially comprise the investment committee. Under the terms of the Investment Management Agreement, Kubera GP, the general partner of the Limited Partnership, has the right, but not the obligation, under certain specified circumstances set out in the Investment Management Agreement, to appoint a member to the investment committee who will have veto rights over transactions.

The approval of the investment committee must be secured before a potential investment is undertaken by the Group. In the case of the realisation of an investment, the Investment Manager will prepare a detailed report covering the key aspects of the proposed realisation for consideration and approval by the investment committee. The approval of the investment committee must be secured before an investment is realised.

After an investment proposal has been approved by the investment committee, the Company will be liable to reimburse the Investment Manager for all third party out-of-pocket transaction costs incurred in progressing the investment opportunity, including, but not limited to, legal costs, due diligence costs and specialist advisory fees, up to a maximum, in aggregate, of 10 per cent. of the approved investment amount. This percentage may only be changed by unanimous approval of the Directors.

Once an investment has been made, the Investment Manager will seek to develop close working relationships with the board and management team of the Investee Company and will actively monitor and manage each Investee Company in order to facilitate the value creation process described above.

## 9. THE PLACING

The Placing comprises a limited offer by the Company of 206 million Placing Shares to raise gross proceeds of approximately \$206 million (net proceeds of approximately \$198.67 million). The Placing Shares have been offered to selected investors at a Placing Price of \$1.00 per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced, and the Placing is not underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to fund investments for the Group in accordance with the investment objective, strategy and policies outlined in this document, and to pay the Group's ongoing ancillary costs.

LCF Rothschild has undertaken to use reasonable endeavours to procure places for 206 million Ordinary Shares, as placing agent for the Company at \$1.00 per Ordinary Share. A commission equal to three per cent. of the Placing Price multiplied by the total number of Placing Shares allotted by the Company on Admission is payable by the Company to LCF Rothschild. At its option, LCF Rothschild may apply part of such commission in subscribing for Ordinary Shares at the Placing Price. LCF Rothschild will also be responsible for paying any other placing agent that may be engaged in respect of the Placing. Further details of the placing agreement are set out in Paragraph 7.3 of Part 7 of this document.

## 10. CO-INVESTMENTS AND THIRD PARTY INVESTORS

The Executive Team, and certain other employees and affiliates of the Investment Manager, have in aggregate committed to co-invest in the Limited Partnership up to a global aggregate maximum amount of \$20 million (including a pro-rata share of partnership expenses). For tax efficiency, this co-investment will be made through Co-Invest SP (a limited partner in the Limited Partnership). This co-investment will be in a fixed pro-rata ratio such that the interests of the Executive Team and Investment Manager are fully aligned with the interests of the Group. Once Co-Invest SP has made initial capital contributions to the Limited Partnership up to a global aggregate maximum of \$20 million (including a pro-rata share of partnership

expenses), it shall be under no further obligation to make any capital contributions, but may at its discretion agree with Kubera GP a new additional co-investment commitment.

The Group may also co-invest in Investee Companies with third party investors, or invite third party investors (who may include Shareholders of the Company) to co-invest in Investee Companies led by the Group, including entities that are affiliated with or managed by the Investment Manager or its affiliates. Such third party investors may have investment objectives and policies that differ from those of the Company. Although the Group may not have control over these investments and may therefore have a limited ability to protect its position therein, the Investment Manager expects appropriate rights will be negotiated to protect the Group's interests. Shareholders or other affiliates of the Investment Manager may also be invited to co-invest in Investee Companies on terms no more favourable than the terms on which the Group invests. This invitation will only be made when the independent members of the Board are unanimously satisfied that the interests of the Company and its Shareholders will not be prejudiced by such invitations.

## **11. GROUP STRUCTURE**

In order to ensure that investments to be made by the Company in Investee Companies, and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has created the following group structure.

### **Cayman Islands Exempted Limited Partnership**

The Company has established the Limited Partnership as an exempted limited partnership in the Cayman Islands. The limited partners of the Limited Partnership are the Company, Carry SP and Co-Invest SP (segregated portfolios of Kubera Cross-Border Incentives SPC). As at the date of this document, Kubera Cross-Border Incentives SPC is wholly-owned by the Executive Team. The general partner of the Limited Partnership is Kubera GP, a wholly-owned Cayman Islands subsidiary of the Company. The Directors also constitute the board of Kubera GP. The Limited Partnership has been established pursuant to the terms of the Partnership Agreement, under which Carry SP will receive a carried interest on the realisation of investments (further details of which arrangement are set out in Paragraph 7.7 in Part 7 of this document). In addition, the Investment Management Agreement has been entered into between the Company, Kubera GP and the Investment Manager in relation to the management of the assets of the Group.

### **Mauritius Company**

The Mauritius Company has been incorporated as a private limited company in Mauritius. The Mauritius Company is wholly-owned by Kubera GP (as general partner of the Limited Partnership). The Mauritius Company has been granted its required GBC1 licence by the Financial Services Commission in Mauritius. The directors of the Mauritius Company are Messrs. Raghavendran and Mahadeva, together with Mr. Uday Kumar Gujadhur and Ms. Pamela Balasoupramaniam (both Mauritius residents and representatives of the Administrator). It is intended that Mr. Pravin Gandhi will be appointed as an additional director of the Mauritius Company following Admission.

The Company currently intends for all investments in Indian domiciled Investee Companies to be made via the Mauritius Company. However, the Company may elect to effect its investments through subsidiaries established in other similar tax-efficient domiciles, such as Singapore. The ownership structure of the Mauritius Company will be replicated in such alternative, off-shore subsidiaries. In relation to future US based investments, any such investments will either be made directly by the Limited Partnership or via a suitable separate off-shore vehicle.

## **12. CONFLICTS MANAGEMENT**

Under the terms of the Investment Management Agreement, the Investment Manager is required to devote its time and attention to the affairs of the Group and not to manage other investment funds or investment companies that have a similar investment focus to the Group until such time as 70 per cent. of the net proceeds of the Placing are committed to investments. This undertaking is without prejudice to any pre-existing commitments which the members of the Executive Team may have at the date of this document. After this level of capital is committed to investments, the Investment Manager will be free to manage other investment funds or investment companies that might have an investment focus competitive with that of the Group.

Subject as set out above, the Investment Manager may, from time to time, act for other clients which have a similar or different investment objective and policy to that of the Company. There may be circumstances

where an investment opportunity will be available to the Group and which is also suitable for one or more such clients of the Investment Manager. Where a conflict arises in respect of such an investment opportunity, the Investment Manager will allocate the opportunity on a basis that it considers to be fair and will seek the approval of the independent members of the Board for that allocation.

Where the Investment Manager or one or more members of the Executive Team (or their connected parties) has an interest in any potential investment being considered by the Group, the Investment Manager shall make fair and accurate disclosure of such interest to the Board. Following such disclosure, the potential investment shall only be undertaken with the unanimous approval of the independent members of the Board.

### **13. FOREIGN EXCHANGE POLICY**

It is the Company's policy to determine the valuations of all its investments in US Dollars. Consequently, the value of its investments may fluctuate with changes in the rate of exchange of the US Dollar against the Rupee or any other currency in which an investment is made. The Company may enter into currency arrangements to hedge currency risks if such arrangements are desirable and practicable in the future, but there is no guarantee that such arrangements will be available on economic terms or at all.

### **14. DISTRIBUTION POLICY AND DISCOUNT CONTROL**

The Company's investment objective is focussed primarily on capital appreciation by investing in India-centric cross-border service businesses. The Company intends to reinvest realised returns from investments into new investments which adhere to the strategy and parameters described above. The Directors reserve the right, but do not intend and are not required, to provide returns to Shareholders by making dividend distributions. As the Company is a closed-ended vehicle whose shares will be admitted to trading on AIM, there is always a risk that the applicable quoted price of the Ordinary Shares may fall to a discount to its prevailing Net Asset Value per Share. In the event that the Ordinary Shares trade at a substantial discount to the then prevailing Net Asset Value per Share for an extended period of time, the Board will consider the most appropriate method of reducing such discount, which may include implementing a share buyback programme.

### **15. REPURCHASE OF ORDINARY SHARES**

Following Admission, the Directors will have the general authority to repurchase the Ordinary Shares in issue following Admission subject to the Company having funds lawfully available and compliance with the Articles. The Directors do not currently have any intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the laws of the Cayman Islands and within guidelines established by the Directors. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders.

### **16. LIFE OF THE COMPANY**

The Company does not have a fixed life but the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. In 2013, the Directors will convene an annual general meeting where a resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every five years thereafter.

### **17. SUITABILITY**

As an investment vehicle incorporated in the Cayman Islands, the Company may only be marketed to, and is only suitable as an investment for, sophisticated investors with an understanding of the risks inherent in investment in emerging market jurisdictions and an ability to accept the potential total loss of all capital invested in the Company.

## PART 2

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. THE DIRECTORS OF THE COMPANY

The Directors have overall responsibility for the Company's activities including the review of its investment activities and performance. The Directors have primary responsibility for determining the Company's overall investment objective and strategy and for implementing the Company's investment policies. The Board is also responsible for supervising and reviewing the activities of the Investment Manager. The Board intends to meet at least four times a year to review the Company's investment objective, strategy and policies and as necessary to approve investments in accordance with the approval process described in Part 1 of this document. Details of the Directors, all of whom are non-executives, are set out below.

***Martin Michael Adams, aged 48***

Mr. Adams is an independent specialist in the management and restructuring of funds and private investments in emerging markets. He has over 25 years' investment and banking experience in Asia and Europe. He is the Chairman of the First Hungary Fund Limited, Chairman of Mekong Capital Limited, Managing Director of Vietnam Fund Management Company Limited ("VFMC") and a non-executive director of ARC Capital Holdings Limited, Metage Funds Limited, Metage Special Emerging Markets Fund Limited, Armadillo Investments Limited, and Beta Viet Nam Fund Limited. Prior to establishing VFMC in 1991, Mr. Adams worked for the Lloyds Bank group for 10 years where he was based in the United Kingdom, the Netherlands, Portugal and Hong Kong. Mr. Adams has an MA in Economic Science from the University of Aberdeen.

***Wijayaraj Anandakumar ("Kumar") Mahadeva, aged 55***

Mr. Mahadeva founded Cognizant Technology Solutions Corp., a leading global offshore outsourcing provider. During his decade-long tenure as Cognizant's Chairman and Chief Executive Officer, Mr. Mahadeva created more than \$4 billion in company value. From Cognizant's initial public offering in 1998 until he retired as Chief Executive Officer in December 2003, Mr. Mahadeva generated a total shareholder return in excess of 2,700 per cent. Prior to founding Cognizant, Mr. Mahadeva was Corporate Vice President and Chief Executive for India and China at D&B (formerly Dun & Bradstreet) for five years. Before D&B, he served as Corporate Director for Strategy and Corporate Development at AT&T. Prior to joining AT&T, Mr. Mahadeva was an Associate Principal at McKinsey & Company working in its New York, London and Amsterdam offices. He has a Masters degree in Electrical Engineering from Cambridge University and received his M.B.A. from Harvard Business School.

***Ramanan Raghavendran, aged 38***

Mr. Raghavendran has been a Managing Director at TH Lee Putnam Ventures, the growth capital affiliate of the Thomas H. Lee buyout firm, since 2002, leading the firm's private equity investments in the cross-border outsourcing sector. Prior to this he was a Senior Partner since 1997 at Insight Venture Partners, a leading private equity firm in the software and services sectors. In 2000, Mr. Raghavendran founded ConnectCapital, an Insight affiliate dedicated to making cross-border venture capital investments using India-based resources, primarily in the outsourcing sector. Mr. Raghavendran began his private equity career by joining General Atlantic Partners, a leading global private equity firm, in 1992 where he led sector efforts in IT services, enterprise software, and Internet-related investments. Prior to General Atlantic, Mr. Raghavendran was a consultant with McKinsey & Company. He has a BSE in Computer Science from the University of Pennsylvania and a BS in Economics from The Wharton School of the University of Pennsylvania.

***Robert Michael Tyler, aged 59***

Mr. Tyler, generally known as Michael Tyler, is Managing Director and co-founder of Tyler & Company, a provider of analytical services in telecoms and IT. He is a director and Audit Committee member of Telecom Corporation of New Zealand ("Telecom New Zealand"), the principal telephone company in New Zealand and a major telecommunications company in Australia. He is active in developing new modes of operation in service businesses, including telcos, cellular/wireless, and cable TV, using such tools as process re-engineering; outsourcing; and web-based self-service. Mr. Tyler began his career at BT, working on the

introduction of digital technology and advanced services. In 1976, he co-founded CSP, a transatlantic professional services firm, which was acquired by Booz, Allen & Hamilton in 1987. He was a Senior Partner at Booz, Allen through 1992, serving on the Executive Committee and leading the firm's information-industry practice. From 1980, Mr. Tyler contributed to formative developments such as on-line delivery of transaction services; the launch of direct-to-home ("DTH") satellite TV; and the use of leveraged leases as a financial tool in telecoms and IT. Since 1992, he has concentrated on investment transactions, including a \$2.2 billion transaction for Swisscom, as well as strategic advisory work. He has an MA in Natural Sciences (Physics) and Economics from Cambridge University. He has served as Sloan Associate Professor of Technology and Public Policy at New York University and as an "adjunct" member of the faculty (Instructor) at the Massachusetts Institute of Technology from 1982 to 1987.

***Pravin Ratilal Gandhi, aged 62***

Mr. Gandhi is currently the president of TIE Mumbai and the Managing Partner of SEED Fund, an early stage venture capital fund based in Mumbai, India. He has been a self-employed entrepreneur since 1971 and is an active private equity investor in the technology sector in India. After four years at Tata Consultancy Services and Coca Cola Exports in India, he co-founded Hinditron Computers Private Limited in 1971, one of the first technology companies in India. Hinditron was subsequently merged with Digital Equipment Corporation to form Digital Equipment India Limited, a manufacturer of computer equipment and provider of allied services including system integration and support and the merged entity was listed on the Bombay Stock Exchange in 1988. Mr. Gandhi was on the board of directors of Digital Equipment India Limited from 1988 to 1992 and managed Digital's sales and marketing. In 1992, he left Digital to pursue other entrepreneurial opportunities, investing in a few start-up companies and successfully exiting his investments. In 1999, Mr. Gandhi formed one of the first India-focussed equity stage venture capital fund, Infinity Venture Fund. He sits on the board of several public and private technology companies in India and is an active charter member of The Indus Entrepreneurs, a global, non-profit organisation focussed on promoting entrepreneurship. He is a past president of the Manufacturers Association of Information Technology, an IT manufacturers association in India, and was formerly a member of the executive council of the National Association of Software and Service Companies ("NASSCOM"), a trade body and the chamber of commerce of the IT software and services industry in India. Mr. Gandhi has a BS in Industrial Engineering from Cornell University, New York.

## **2. THE INVESTMENT MANAGER**

The Executive Team is comprised of the two founding members, Ramanan Raghavendran and Kumar Mahadeva. Biographies for Messrs. Raghavendran and Mahadeva as directors of the Company are detailed in Section 1 of this Part 2.

The Investment Manager intends to operate out of offices in New York and Mumbai. Several professionals have agreed to join the Investment Manager conditional upon Admission and it is expected that the Investment Manager will have a team of six professionals and three staff members shortly after Admission. In addition, the Investment Manager intends to use India-based outsourced providers for financial, IT and other administrative functions and it is intended that these outsourced arrangements will be implemented shortly after Admission. The Investment Manager is not regulated in the United States or elsewhere.

Under the Investment Management Agreement, Kubera GP has appointed the Investment Manager as the sole investment manager and to be responsible for the day-to-day management of the Group's investment portfolio. The Investment Manager's mandate includes, subject to approval by its investment committee, the acquisition and disposal of investments in accordance with the Group's investment strategy and policies, subject to the investment restrictions described in Part 1 of this document.

The Investment Manager is also, amongst other things, responsible for the following:

- identifying, sourcing and evaluating investment opportunities;
- executing investments on behalf of the Group;
- arranging debt facilities where required;
- participating on the board of directors of Investee Companies to represent the interests of the Group;
- monitoring and supporting Investee Companies;

- formulating and implementing investment and exit strategies for Investee Companies and other assets;
- co-ordinating the collection of benefits due to the Group including (but not limited to) dividends or proceeds received from assets and loans made;
- supervising the preparation of financial statements for the Group in compliance with US GAAP;
- advising on other matters relevant to the investment focus of the Group which the Investment Manager considers material; and
- maintaining investor relations and other investor communications.

In addition, the Investment Manager has been delegated the authority by Kubera GP to make capital calls to the limited partners under the terms of the Partnership Agreement in order to fund potential investments. Under the Investment Management Agreement, the Investment Manager will receive an aggregate investment management fee payable by the Company of two per cent. of the Net Asset Value per annum to be paid quarterly in advance based on the month end Net Asset Value of the previous quarter.

The Investment Management Agreement will be for an initial term of seven years. If Shareholders vote to continue the Company in 2013 (and at subsequent continuation votes), the Investment Management Agreement shall be extended for further five year periods, subject to immediate termination in certain circumstances. In particular, the agreement may be terminated following an uncured default by Co-Invest SP in its co-investment funding obligations under the terms of the Partnership Agreement. Further details of the Investment Management Agreement are set out in Paragraph 7.4 of Part 7 of this document.

In addition, the Executive Team is beneficially interested in Carry SP. Under the terms of the Partnership Agreement, Carry SP is entitled to receive a carried interest from the Limited Partnership equivalent to 20 per cent. of the aggregate return over investment received by the Limited Partnership following the full or partial cash realisation of an investment.

The payment of the carried interest is conditional upon the most recent announced Net Asset Value (as adjusted to add back the value of any income or capital Shareholder distributions to date) at the date of payment of such carried interest, being equal to or greater than the value of the gross proceeds of the Placing. In addition, the carried interest payment will be adjusted, up or down, by such amount as is required to achieve the position that, following such distribution, the aggregate cumulative amount of carried interest paid to Carry SP at the date of such distribution will equal 20 per cent. of the eligible carried interest proceeds (being the net realised gains of the Limited Partnership to the date of such distribution reduced by the net unrealised losses). Such adjustment may include a clawback of previous carried interest.

As noted above in Section 10 of Part 1, Co-Invest SP is also the vehicle which will be used by the Executive Team and others to fund the agreed co-investment in the Limited Partnership. The underlying co-investment parties (which includes the Executive Team) hold separate shares in Co-Invest SP, pursuant to the rights attaching to which they will be entitled to the full benefit of any returns distributed by the Limited Partnership to Co-Invest SP as a limited partner in the Limited Partnership following the disposal of an investment.

Further details of the Partnership Agreement are set out in Paragraph 7.7 of Part 7 of this document.

### **3. THE ADVISORY PANEL**

To further supplement the expertise of its management team, the Investment Manager has established an Advisory Panel which may at any one time, consist of such local and international investment specialists and business leaders as it deems appropriate. The initial appointees to the Advisory Panel are Messrs. Allan Loren and Philip Riese whose brief biographies are set out below. The Investment Manager intends to appoint additional members to the Advisory Panel shortly after Admission.

#### ***Allan Loren***

Most recently, Mr. Loren served as Chairman and Chief Executive Officer of D&B Inc. During his time leading D&B Inc., Mr. Loren grew earnings per share from \$1.71 to \$2.98, increased free cash flow from \$164 million to \$239 million per annum and produced a total shareholder return of 378 per cent. Prior to D&B, Mr. Loren served as Executive Vice President and Chief Information Officer for American Express for six years. From 1991 to 1994, he was President and Chief Executive Officer of Galileo International. During his tenure there,

he oversaw the successful merger of Galileo Ltd. and Covia Partnership to create Galileo International, a leading travel information and transaction processing company. Prior to joining Galileo, he served as President of Apple Computer USA and as Chief Information Officer of CIGNA.

***Phillip J. Riese***

Mr. Riese is president of Riese & Others, which provides consultative and advisory services to senior management. Prior to Riese & Others, he was President of the Consumer Card Group at American Express, leading the teams that turned around American Express' core business. In his 18 years at American Express, Mr. Riese managed a variety of Systems, Customer Service, Marketing, Sales, Risk Management, Data Mining, Business Development and General Management activities. Prior to American Express, he was a Division Executive at Chase Bank, and before that a Partner in the consulting firm of M.C. Geffen & Associates in Capetown, South Africa. Since leaving American Express he also served as Chief Executive Officer of two early stage companies: OptiMark, which developed exchange solutions for electronic marketplaces; and AirClic, which develops and supports mobile enterprise applications.

#### **4. THE CUSTODIAN, ADMINISTRATOR AND REGISTRAR**

***Custodian***

The Company has appointed Butterfield Bank (Guernsey) Limited to act as custodian of the Company's assets pursuant to a custodian agreement between the Company and the Custodian (the "Custodian and Dealing Agreement"). The Custodian was incorporated with limited liability in Guernsey on 26 July 1989, is licensed as a bank by the Guernsey Financial Services Commission under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and is also licensed to engage in investment activities, including acting as custodian of investments in relation to collective investment schemes and general securities. The Custodian had an issued and fully paid-up share capital of £38.75 million as at 1 January 2006 and had assets under custody of £4.15 billion as at 30 September 2006. The principal activities of the Custodian include the provision of banking, custody and trustee services to private and corporate clients. The ultimate holding company of the Custodian is The Bank of N.T. Butterfield & Son Limited, a company incorporated in Bermuda.

The Company will pay fees to the Custodian at the rate agreed to in the Custodian and Dealing Agreement. Under the Custodian and Dealing Agreement, the Custodian is responsible for the safekeeping of the assets of the Company which are held directly by or to the order of the Custodian. The Custodian will not handle any futures, commodities or options trades on behalf of the Company or hold assets on behalf of the Company related to such positions or transactions. Under the terms of the Custodian and Dealing Agreement, the Custodian is indemnified in certain circumstances and may delegate its functions to sub-custodians or nominees. The Custodian and Dealing Agreement may be terminated by either party on 20 days' prior written notice.

***Administrator, Registrar and Company Secretary***

The Company has appointed Multiconsult Limited to act as the Group's administrator pursuant to a fund administration services agreement between the Company and the Administrator (the "Administrative Services Agreement"). The Administrator is a Mauritius-based company licensed by the Financial Services Commission, Mauritius, to provide incorporation and company secretarial services as well as fund administration services. The Administrator is responsible, under the supervision of the Directors, for providing fund administrative services required in connection with the Group's operations (including calculating the Net Asset Value and the Net Asset Value per Share), providing registration and secretarial services to the Group, maintaining the necessary books and records (including the Company's register of members) and generally acting as registrar and company secretary. The Administrative Services Agreement provides, *inter alia*, that the agreement may be terminated at any time by either party upon not less than 30 days' prior written notice. The Administrator shall not be liable to the Company, or any other person for any actions, proceedings, costs, claims, damages, demands, losses or expenses suffered or incurred by the Company, any investor or any other person as a consequence of the performance of its services under the Administrative Services Agreement in the absence of negligence, or wilful default or fraud on the part of the Administrator. The Administrator is indemnified in acting as administrator except in the case of its own negligence, wilful default or fraud.

Further details of the Company's agreements with the Custodian, Administrator and Registrar are set out in Paragraphs 7.5 and 7.6 of Part 7 of this document.

## PART 3

### RISK FACTORS

Investment in the Ordinary Shares involves a high degree of risk and prospective purchasers of the Ordinary Shares should carefully evaluate the factors set out below. The Group's investment activities in India will entail certain special risks not typically associated with investments in Western Europe and the United States including political, social, legal and economic uncertainty, high inflation, price volatility, limited liquidity, less transparent and rigorous regulatory, disclosure and financial reporting requirements, restrictions on foreign investment and repatriation of capital and income, fluctuations of currency exchange rates, currency devaluations and the possibility that the exchange of a foreign currency may be blocked. In addition, there are certain risks when making investments in India in terms of valuation, risk of economic downturn, expansion risks, access to financing, management risks, uninsured losses and a lack of marketability, among others. An investment in the Company should be considered speculative and long-term in nature and is suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital.

The following factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Ordinary Shares. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business.

#### RISKS RELATING TO THE COMPANY'S BUSINESS AND STRUCTURE

##### *Lack of operating history*

The Company and the other entities in the Group are recently incorporated and have no significant operating histories. As such, the Group has no operating history upon which to evaluate the Company's likely performance.

##### *Dependence on Investment Manager and Executive Team*

The Company's ability to provide returns to Shareholders and achieve its investment objective is substantially dependent on the performance of the Investment Manager in the identification, acquisition and disposal of investments and the management of such investments and on its ability to retain the current members of the Executive Team. The Board will monitor the performance of the Investment Manager but the Investment Manager's effective performance cannot be guaranteed. Failure by the Investment Manager to identify, acquire and manage investments effectively and the loss of either member of the Executive Team could have a material adverse effect on the Group's financial results. In addition, the Group has no employees and no separate facilities and is reliant on the Investment Manager, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Group is subject to the risk that, if the Investment Manager terminated the Investment Management Agreement, no suitable replacement could be found or would exist.

##### *Investments with third parties in joint ventures and other entities*

The Group may Co-Invest with third parties through special purpose vehicles ("SPVs") and may acquire non-controlling interests in the SPVs and therefore, in the Investee Companies. Although the Group may not have control over these investments and therefore may have a limited ability to protect its position, the Investment Manager expects that appropriate rights will be negotiated to protect the Company's interests. Nevertheless, 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 objective. In addition, the Group may in certain circumstances be liable for the actions of its third party partners or co-venturers.

##### *Independence of Board of Directors*

The majority of the Board is wholly independent of the Investment Manager. It should be noted however, that Messrs. Kumar Mahadeva and Ramanan Raghavendran, who are directors of the Company, are the controlling shareholders of the Investment Manager.

### ***Life of the Company***

In 2013, the Directors will convene an annual general meeting where a resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders in 2018. Shareholders otherwise have no right to redeem their Ordinary Shares and will only be able to realise their investments by selling their Ordinary Shares in the market or by participating in any share buyback programme established by the Company.

### ***Competition***

A large number of private equity and direct investment funds have become active in seeking investment opportunities with a focus on India. The Group may face significant competition from domestic investors, other foreign investment funds and strategic investors. Many competitors have greater financial resources than the Group and a greater ability to borrow funds to acquire assets. Competition for attractive investment opportunities may lead to higher asset prices which may affect the Group's ability to invest on terms which the Investment Manager considers attractive. Such conditions may have a material adverse impact on the Group's ability to secure attractive investment opportunities and consequently may have an adverse effect on the Company's Net Asset Value and the market price of the Ordinary Shares.

### ***Availability of profits for distribution***

Although the Company may provide for a dividend, there is no guarantee the distributable profits of the Company will be sufficient to allow the payment of dividends or share buybacks. The expenses and other outgoings of the Group are likely, at least in the short term, to exceed its income thereby resulting in a reduction of the Group's total assets to the extent of that excess.

### ***Cayman Islands incorporation***

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

### ***Regulation in the UK***

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

### ***A change to Cayman Islands laws could affect the Company's ability to make distributions or the Company's tax exempt status***

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 Cayman Islands companies could have a negative impact on the Company's ability to pay dividends. Any change in the Group's tax status or in tax legislation could affect the value of the investments held by the Group and its performance.

### ***Maintenance of non-UK tax resident status***

In order to maintain their non-UK tax resident status, the Company and the Mauritius Company are required to be controlled and managed outside the United Kingdom. The composition of the Company's and the Mauritius Company's boards of directors, the place of residence of the individual members of their boards of directors, and the location(s) in which their boards of directors make decisions will be important in

determining and maintaining the non-UK tax residence status of the Company and the Mauritius Company. While the Company is incorporated in the Cayman Islands and the Mauritius Company is organised in Mauritius, and in each case a majority of the directors live outside the United Kingdom, continued attention must be addressed to ensure that major decisions are not made in the United Kingdom or the Company or the Mauritius Company may lose their non-UK tax resident status. As such, management errors could potentially lead to the Company or the Mauritius Company being considered UK tax resident, which would negatively affect the Company's financial and operating results.

***Payments relating to the Group's investments may be subject to taxation or withholding***

Payments made to the Group by Investee Companies or the proceeds of realisation of its investments may be subject to local tax or withholding in certain circumstances and in certain jurisdictions. Although the Group and the Investment Manager intend to structure the Group's investments so that they are made and held in the most tax efficient manner, the Group may not be able to avoid withholding or local taxation in respect of all investments.

***Change in taxation laws and double taxation treaty***

Statements in this document concerning taxation are based upon current tax law and practice. Any change in the Company's tax status, the Mauritius Company's tax status, the double taxation treaty between India and Mauritius (the "Treaty") or in taxation law or practice in the Cayman Islands, the United Kingdom, Mauritius, India or elsewhere could affect the value of the Company's investments and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. In particular, the Mauritius Company relies upon the provisions of the Treaty to minimise, so far as possible, the taxation of the Mauritius Company and the Investee Companies. No assurance can be given that the terms of the Treaty will not be subject to a renegotiation in the future or that the Treaty will be in full force and effect during the life of the Company. Tax laws and practice are subject to changes that could adversely affect the ability of the Company to meet its investment objective. Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

***The Company expects that it will be classified as a passive foreign investment company ("PFIC")***

The Company expects to be treated as a PFIC for US federal income tax purposes because of the composition of its assets and the nature of its income. If so treated, investors that are US Persons, as defined in the Internal Revenue Code, may be subject to adverse US federal income tax consequences on a disposition or constructive disposition of the Ordinary Shares and on the receipt of certain distributions. US investors should consult their own advisers concerning the US federal income tax consequences that would apply if the Company is a PFIC and certain US federal income tax elections that, if available, may help to minimise adverse US federal income tax consequences (see Part 6 (Taxation) of this document). The Company does not expect to provide to US holders of Ordinary Shares the information that would be necessary in order for such persons to make QEF elections with respect of their Ordinary Shares, and as a result, US holders of Ordinary Shares will not be able to make such elections.

**To ensure compliance with Internal Revenue Service Circular 230, investors are hereby notified that (A) any discussion of federal tax issues contained or referred to in this document is not intended or written to be used, and cannot be used, by investors for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code, (B) such discussion is written to support the promotion or marketing of the Ordinary Shares, and (C) prospective investors should seek advice based on their particular circumstances from an independent tax adviser.**

***The Company will not be registered under the Investment Company Act***

The Company will not be registered as an investment company in the United States under the Investment Company Act. The Investment Company Act provides certain protections and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company or investors in the Company.

***Restriction on Auditors' Liability***

Cayman Islands law does not restrict the ability of auditors to limit their liability and consequently the engagement letter entered into with the auditors may contain such a provision as well as contain provisions indemnifying the auditors in certain circumstances.

## **RISKS RELATING TO THE INVESTMENT MANAGER**

### ***Lack of operating history***

The Investment Manager is recently incorporated and has no significant operating history. The past performance of assets or funds managed by the Executive Team of the Investment Manager are not necessarily indicative of the future performance of the Investment Manager and there is no assurance that the Investment Manager will achieve comparable results.

### ***Conflicts of interest***

The Investment Manager may be subject to conflicts of interests, including in relation to the allocation of investment opportunities. Please refer to Section 12 of Part 1 of this document for further details on potential conflicts of interests, and how they will be managed.

## **INVESTMENT RISKS**

### ***Exchange rate risks***

It is likely that the Group's portfolio will comprise predominantly US dollar and Rupee denominated investments but some investments will be denominated in other currencies. All monies returned to the Shareholders and the reported Net Asset Value will be denominated in US Dollars. Changes in the value of the Rupee or of other currencies against the value of the US Dollar could have an adverse impact on the performance of the Group. The Group may enter into currency hedging transactions, but is not required or expected to do so, and such transactions have an associated cost that could depress investment returns. The Rupee is not freely convertible and approval may be required from Indian governmental authorities for currency exchanges, potentially hampering the Group's ability to remit funds from India.

### ***Political and country risks***

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

### ***Accounting and financial reporting standards***

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

### ***Securities exchanges***

The Indian securities' exchanges are less developed than the leading stock markets of the developed world. Trading volumes can be substantially lower so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Prices may also be more volatile. Any significant extension of settlement periods in a sector of the Indian financial markets as a result of unforeseen circumstances may lead to delays in the receipt of proceeds from the sale of securities. It is possible that the Group could miss investment opportunities as a result of an inability of the Group to make intended securities purchases due to settlement problems. Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Group could make it impossible for the Group to liquidate positions and thereby expose the Group to losses. The value of the Group's investments may be affected generally by factors

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

#### ***Government approvals and tax clearance certificate***

The Mauritius Company may require certain Indian governmental approvals, including approvals from the Securities and Exchange Board of India or the central government, before making certain investments. Any failure or delay in obtaining such approvals could have a detrimental effect on the Company's prospects. In particular, the Company anticipates investing from time to time through the Mauritius Company as a sub-account of an FII. It has been suggested that the criteria for FII sub-accounts may be changed in the near future, and it is not clear what such changes may cut out. If the Company was unable to invest as an FII sub-account, this could have a material adverse effect on the Company's prospects.

In addition, the Mauritius Company intends to make an application for a tax residency certificate from the Commissioner of Income Tax in Mauritius which will allow it to be eligible for benefits under the Treaty. Although the Directors do not believe there is any reason why the Mauritius Company will not be able to obtain this tax residency certificate, as of the date of this document, there is no guarantee that the certificate will be secured.

#### **GENERAL RISKS**

##### ***Fulfilment of investment objective***

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

##### ***Borrowings***

The Group may, from time to time, borrow to fund investments or for short term funding purposes. Investee Companies may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the Investee Company will be unable to service the interest repayments, or comply with other requirements, rendering it repayable, and the risk that available funds will be insufficient to meet required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Group or its Investee Companies to obtain new finance on attractive terms or at all.

##### ***Disposal of investments***

The value of the Group's assets will be determined in accordance with the valuation policies adopted by the Board, as detailed in Section 4 of Part 4 of this document. However, there can be no guarantee that investments will ultimately be realised at any such valuation. Some of the Group's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all. This risk is increased because the Group intends to invest in unquoted securities, which are generally less liquid.

##### ***Concentration of investments***

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

##### ***Changes in laws or regulations***

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

these will necessarily be available or will continue to be available during the life of the Company so as to enable the Company to pursue its investment strategy in the manner described in this document.

### ***General risks of investing in India***

Investments in India are subject to the usual risks inherent in the ownership of any company operating a business. These include risks associated with general economic climate, inflation, interest rates, equity and property market trends and their impact on consumer sentiment, competition, supply chain issues, shortages in human resources, various uninsured or uninsurable risks, natural disasters, government regulations and changes in taxation. As a result, a general economic downturn or the materialisation of any one or a combination of the aforementioned risks could have a materially adverse effect on the Company's financial results.

### ***Valuation***

The valuation of unlisted securities is inherently subjective due to the lack of marketability and the nature of accounting practices. As a result, valuations of unlisted Investee Companies are subject to uncertainty. There can be no assurance that the reported valuations of investments of the Company will reflect actual sale prices even if an investment is sold shortly after the relevant valuation date of that investment.

### ***Access to financing***

Access to conventional financing for private companies in India, such as commercial bank lending, is limited. Investee Companies may need to raise additional financing for working capital and capital expenditures in order to grow their business, which in the absence of access to conventional financing, may lead to the issue of further equity in such companies which may dilute the Company's investment and reduce its capital value.

### ***Uninsured losses***

The relatively undeveloped insurance market in India may mean there is a risk of loss which cannot be insured or is too expensive to insure. In the event that an Investee Company incurs a loss that is not fully covered by insurance, the value of the Company's investment may decrease.

### ***Lack of marketability***

It is expected that the Group 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 an Investee Company is listed, the Group may be subject to lock-up restrictions that may restrict the ability of the Group to dispose of its investment, which may reduce the Group's return on that investment.

### ***Management risks***

Although the Company intends to target Investee Companies that have strong management, there is no certainty, once the investment is made, that the management of Investee Companies will be effective. Changes in management or poor management will affect the performance of an Investee Company and may reduce the value of the Company's investment.

## **RISKS RELATING TO THE ORDINARY SHARES**

### ***Trading on AIM***

An investment in shares traded on AIM is generally perceived to involve a higher degree of risk and be less liquid than an investment in shares listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares than it would be if the Ordinary Shares were listed on the Official List, and he or she may receive less than the amount paid. It is also possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

### ***Share pricing risks***

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

### ***Limited regulatory control***

Shareholders will not enjoy protections or rights other than those reflected in the Articles and those rights conferred by law. Although the Directors recognise the importance of good corporate governance, neither the Listing Rules of the United Kingdom Listing Authority nor the United Kingdom Principles of Good Governance and Code of Best Practice will apply to the Company.

### ***Shareholders may not be entitled to the takeover offer protections provided by the City Code on Takeovers and Mergers (the "City Code")***

The City Code applies, *inter alia*, to offers for all listed public companies considered by the Panel on Takeovers and Mergers to be resident in the United Kingdom, the Channel Islands or the Isle of Man. However, the Panel on Takeovers and Mergers will normally consider a company resident in the United Kingdom, the Channel Islands or the Isle of Man only if it is incorporated in one of those jurisdictions or has its place of central management in one of those jurisdictions. The Panel on Takeovers and Mergers is unlikely to regard the Company as having its place of central management in the United Kingdom, the Channel Islands or the Isle of Man, in which case the Panel on Takeovers and Mergers would decline to apply the City Code to the Company with the result that Shareholders will not receive the benefit of the takeover offer protections provided by the City Code.

### ***Future issues of Ordinary Shares could dilute the interest of existing Shareholders and lower the price of the Ordinary Shares***

The Company may, subject to its Articles and applicable law, issue additional Ordinary Shares without limitation and is not required under Cayman Islands law or the AIM Rules to offer any such Ordinary Shares to existing Shareholders on a pre-emptive basis. As such, it may not be possible for existing Shareholders to participate in any future issue of Ordinary Shares, which would dilute the existing Shareholders' interests in the Company. The issue of additional Ordinary Shares, or the possibility of such an issue, may cause the market price of the Ordinary Shares to decline. However, the Directors have undertaken that the authority to allot the unauthorised but unissued Ordinary Share capital of the Company shall only be exercised at an allotment price per Ordinary Share of not less than the prevailing Net Asset Value per Share, unless the Shareholders consent to a lower allotment price by Ordinary or Special Resolution.

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

## PART 4

### OTHER INFORMATION

#### 1. ANNUAL EXPENSES

##### *Formation and Initial Expenses*

The formation and initial expenses of the Company are those that are necessary for the incorporation and organisation of the Company and in order to effect the Placing. Such expenses will include fees payable to LCF Rothschild, Administrator's and Registrar's fees, Admission fees, printing, advertising and distribution costs, legal and accounting fees and any other related expenses. These expenses will be met by the Company out of the Placing proceeds and will be paid on or around Admission. The Directors do not anticipate that incorporation and initial expenses will exceed 3.6 per cent. of the gross Placing proceeds. In accordance with US GAAP, the incorporation and initial expenses will be expensed immediately.

##### *Ongoing and Annual Expenses*

The Group will also incur ongoing and annual expenses. These expenses will include, among others, the fees payable to the Investment Manager and the Directors and a carried interest payable to Carry SP following a full or partial cash realisation of an investment. Details of these fees are set out in Section 2 of Part 2 of this document. The Advisory Panel members will be remunerated by the Investment Manager. Each Director will initially be paid a fee of £20,000 per annum (£25,000 for the Chairman) plus re-imbusement for out-of-pocket expenses (each of Messrs. Mahadeva and Raghavendran has agreed to waive his Director's fees for so long as he is interested in the Investment Manager). Other ongoing operational expenses of the Group include, among others, interest payments, bank fees, regulatory fees, legal fees, audit fees, referral fees or finders' fees, and other applicable expenses. It is estimated that the total expenses of the Group for the period ending 31 December 2007 (excluding the formation and initial expenses of the Company) are not expected to exceed three per cent. per annum of the Net Asset Value, annualised over this period.

#### 2. ACCOUNTING POLICY

The financial statements of the Group will be prepared under US GAAP.

#### 3. REPORTS AND ACCOUNTS

The Company has only recently been incorporated and, consequently, it has not published any financial information. The Company's annual report and consolidated accounts will be prepared up to 31 December in each year and copies of the report and accounts will be sent to Shareholders within the following six months. The first such annual report will cover the period from incorporation on 23 November 2006 to 31 December 2007. Shareholders will also receive an unaudited interim report covering the six month period to the end of 30 June in each year, the first such report covering the period to 30 June 2007 which will be despatched to Shareholders within two months of such date. Subsequent interim reports will be despatched to Shareholders within three months of the interim period end. Shareholders will be sent updates on the Company's activities as and when appropriate.

#### 4. VALUATION POLICY AND REPORTING

The Net Asset Value per Share, expressed in US Dollars, will be determined by the Administrator and will be published quarterly. In all cases, the Net Asset Value per Share will be determined by dividing the Net Asset Value on the Valuation Date by the total number of Ordinary Shares outstanding at that date. The gross asset value of the Company shall be calculated by aggregating the value of the securities owned or unconditionally and irrevocably contracted for by the Company with the value of the other assets of the Company. The Net Asset Value shall be calculated by deducting from the gross asset value the liabilities of the Company (which shall where appropriate be deemed to accrue from day to day).

For the avoidance of doubt, in the event the Company acquires a controlling shareholding in an investment company investee (such as a master-feeder arrangement), this would be valued at fair value under US GAAP and accounted for in accordance with US GAAP investment company guidelines). The assets of the Company will be valued as follows:

- securities listed on a stock exchange or traded on any other regulated market will be valued at the last closing price on such exchange or market or, if no such price is available, at the mean of the bid and asked price on such day. If there is no such price or such market price is not representative of the fair market value of any such security, then the security should be valued based on quotations readily available from principle-to-principle markets, financial publications, or recognised pricing services, or a good faith estimate of fair value should be made in accordance with US GAAP, in consultation with the Investment Manager;
- if a security is listed on several stock exchanges or markets, the last closing price on the stock exchange or market which constitutes the main market for such security will be used;
- where the securities are not listed on any stock exchange, fair value shall be estimated with reference to US GAAP;
- if a revaluation of an unlisted security of the Company is proposed by the Investment Manager, it shall be accepted by the Company at its revised value only upon unanimous approval of the independent Directors of the Board;
- cash or other liquid assets will be valued at their face value with interest accrued to the end of the day;
- the value of accounts receivable, prepaid expenses and interest receivable and dividend income receivable will be the full amount thereof less any withholding tax unless the Board determines the value of the asset to be less than that amount;
- values expressed in a currency other than US Dollars will be translated into US Dollars at the average of the last available buying and selling price for such currency; and
- for avoidance of doubt, all derivatives, forwards or other option contracts on listed securities will be held at fair value. The Investment Manager may use such probable realisation value estimated with care and in good faith by a competent professional appointed by the Investment Manager.

Due to the nature of such unquoted securities or investments and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager. With respect to the calculation of the Net Asset Value, the Administrator will rely upon valuations provided to it by third parties. The Administrator shall not be liable for any errors in Net Asset Value calculations where such errors are the result of incorrect information provided by such third parties, unless the Administrator reliance upon such third party information constitutes fraud, willful misconduct or gross negligence.

To the extent feasible, investment income including interest receivable and dividend income, interest payable, fees and other liabilities (including management fees) will be accrued daily. The Net Asset Value per Share will be published quarterly through a Regulatory Information Service Provider to the London Stock Exchange as soon as practicable after the end of the relevant quarter. It is expected that the first Net Asset Value per Share following Admission will be calculated as at 31 March 2007 and will be published as soon as practicable following such date. Valuations will be suspended in circumstances where the underlying data necessary to value an investment cannot readily, or without undue expenditure, be obtained. Such suspensions will be communicated to investors via a Regulatory Information Service Provider.

## 5. TAXATION

Information concerning the tax status of the Company as a Cayman Islands company and the taxation of certain Shareholders is contained in Part 6 of this document. **Investors should seek advice from an independent professional adviser, if they are in any doubt about the taxation consequences of acquiring, holding or disposing of the Ordinary Shares.**

## 6. LOCK-IN ARRANGEMENTS

Each of the Directors (and related parties) have agreed, pursuant to Rule 7 of the AIM Rules, not to dispose of any interest in their Ordinary Shares within a period of one year following Admission except in certain restricted circumstances. Details of these lock-in arrangements are set out in Paragraph 7.8 of Part 7 of this document.

## **7. ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for the issued and to be issued Ordinary Shares of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 27 December 2006. The Registrar will be responsible for the maintenance of the register of Shareholders.

The Directors have arranged for the Ordinary Shares to be admitted to Euroclear and Clearstream with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the Euroclear or Clearstream system if the relevant shareholders so wish. Euroclear and Clearstream are paperless settlement procedures which allow securities to be evidenced without a certificate and transferred otherwise than by written instrument.

## **8. FURTHER ISSUES OF ORDINARY SHARES**

The Directors will have authority to allot the authorised but unissued Ordinary Share capital of the Company following Admission on a non-pre-emptive basis. Such authority shall only be exercised at an allotment price per Ordinary Share of not less than the prevailing Net Asset Value per Share, unless the Shareholders consent to a lower allotment price by Ordinary or Special Resolution.

## **9. CORPORATE GOVERNANCE**

There is no applicable regime of corporate governance to which directors of a Cayman Islands company must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Cayman Islands law. The Directors, however, recognise the importance of good corporate governance and will comply with the Combined Code to the extent practicable and commensurate with the size and operations of the Company. The Company has also adopted a share dealing code for directors' dealings in securities of the Company.

## PART 5

### FINANCIAL INFORMATION

#### (A) Accountants' Report on the historical financial information on Kubera Cross-Border Fund Limited

The Directors  
Kubera Cross-Border Fund Limited  
PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

Grant Thornton 

21 December 2006

Dear Sirs

#### **KUBERA CROSS-BORDER FUND LIMITED (THE "COMPANY") AND ITS SUBSIDIARY UNDERTAKING (TOGETHER, "THE GROUP")**

##### **INTRODUCTION**

We report on the unaudited financial information set out in Paragraphs 1 to 5 of Section 5B of this AIM admission document dated 21 December 2006 of Kubera Cross-Border Fund Limited (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document, on the basis set out in Paragraph 2 of Section 5B.

##### **RESPONSIBILITIES**

This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that regulation and for no other purpose.

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

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Paragraph 2 of Section 5B to the financial information and in accordance with US GAAP.

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

##### **BASIS OF OPINION**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

**OPINION**

In our opinion, the financial information set out in Paragraphs 1 to 5 of Section 5B gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated in accordance with the basis of preparation set out in notes to the financial information and in accordance with US GAAP. It does not comprise a full set of financial statements.

**DECLARATION**

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

Yours faithfully

GRANT THORNTON UK LLP

## **(B) Unaudited Historical Financial Information on Kubera Cross-Border Fund Limited (“the Company”)**

### **1. INTRODUCTION**

The historical financial information on the Company, which has been prepared solely for the purpose of this Admission Document (the “Admission Document”), contained herein does not constitute statutory financial statements and has not been audited.

### **2. BASIS OF PREPARATION**

The financial information set out below is based on the transactions of the Company from incorporation on 23 November 2006 to 30 November 2006. This information has been prepared under the historical cost convention and in accordance with US GAAP.

### **3. RESPONSIBILITY**

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

### **4. FINANCIAL INFORMATION**

The Company was incorporated in the Cayman Islands on 23 November 2006 as Kubera Cross-Border Fund Limited. The Company has not yet completed its first accounting period and has not traded from the date of its incorporation until 30 November 2006, hence no profit and loss account has been prepared. No financial statements have been prepared, audited or filed since incorporation.

As at 30 November 2006, the Company has carried out no trading and the only transactions of the Company have been as follows:

- on incorporation on 23 November 2006 the Company had an authorised share capital of US\$10,000,000 divided into 1,000,000,000 Ordinary Shares of a par value of US\$0.01 each; and
- on incorporation one such Ordinary Share was subscribed, nil paid, by the subscriber to the Memorandum of Association.

### **5. POST BALANCE SHEET EVENTS**

On 1 December 2006, the Company acquired one ordinary share of US\$0.01 in Kubera Cross-Border Fund (GP) Limited for consideration of US\$0.01, being equivalent to that company's fair value on acquisition.

On 12 December 2006, Kubera Cross-Border Fund (GP) Limited acquired 100 ordinary shares of US\$1.00 in Kubera Cross-Border Fund (Mauritius) Limited for consideration of US\$100, being equivalent to that company's fair value on acquisition.

## PART 6

### TAXATION

The information below, which relates only to Cayman Islands, India, Mauritius, United Kingdom, United States and Swiss taxation, is applicable to the Company and to persons who are resident, ordinarily resident or carrying on a trade in those jurisdictions (except where indicated) and who hold the Ordinary Shares as investments. The information is based on existing law and practice and is subject to change. If you are in doubt as to your tax position or require more detailed information than the general outline below, you should consult your own professional adviser without delay.

#### CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands tax consequences of an investment in the Ordinary Shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to any double taxation treaties.

The Company has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

There is, at present, no direct taxation in the Cayman Islands. Interest, dividends and gains payable to the Partnership and all distributions by the Partnership to limited partners will be received free of any Cayman Islands income or withholding taxes. The Partnership has registered as an exempted limited partnership under Cayman Islands law and the Partnership has received an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Partnership or to any partner thereof in respect of the operations or assets of the Partnership or the interest of a partner therein; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Partnership or the interests of the partners therein. The Cayman Islands does not have a double tax treaty with the United States or any other country.

#### MAURITIUS

##### *The Company*

The Company will not be subject to any withholding tax in Mauritius in respect of dividends or interest from the Mauritius Company, or in respect of proceeds from disposals (including redemptions) of shares in the Mauritius Company.

##### *The Mauritius Company*

The Mauritius Company has been granted a global business category 1 licence by the Financial Services Commission in Mauritius. The Mauritius Company intends to apply for a tax residence certificate ("TRC") from the Director General of the Mauritius Revenue Authority. On this basis, and provided it fulfils at all times the conditions set for the grant of the TRC and it maintains its central management and control in Mauritius, the Company believes that the Mauritius Company will be treated as resident in Mauritius.

The Mauritius Company will be subject to income tax in Mauritius on its assessable income at the income tax rate of 15 per cent. However, credit for foreign tax is currently available against Mauritius income tax

payable. Such credit is the higher of actual tax paid (comprising withholding tax on dividends and underlying tax on the profits of the company out of which the dividends are paid where the shareholding of the Mauritius Company in the payor company is over five per cent.), or a deemed credit equal to 80 per cent. of the Mauritius income tax payable on foreign source income in the relevant year. This will result in an effective tax rate on foreign source income of three per cent. Capital gains from disposal of the Mauritius Company's investments will not be subject to tax in Mauritius.

On the basis that the Mauritius Company intends to hold a TRC, it should be entitled to certain relief from Indian tax on capital gains, subject to the continuance of the current terms of the India-Mauritius double tax treaty, the validity of the TRC and subject to the place of effective management of the Mauritius Company being in Mauritius at all material times. Please refer to the risk factors in Part 3 of this document.

## **INDIA**

### ***General***

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

A Mauritius entity will only be subject to taxation in India (where the applicable corporate taxes under the Income Tax Act will be levied on it) if it is a resident of India or if, as a non-resident, it has an Indian source of income through a permanent establishment or a business connection in relation to any income which accrues (deemed to accrue/arise) to it or in relation to income which is received by it in India.

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

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

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

### ***Capital Gains***

According to the provisions of the Tax Treaty, capital gains realised by the Mauritius Company on the sale of shares in the portfolio companies will not be subject to Indian tax. However, it should be noted that income arising from the sale of shares may be treated as "business income" in India rather than "capital gains". In a ruling issued by the Authority for Advance Rulings in India, gains earned by a private equity fund based in Mauritius were held to be "business income".

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

### ***Dividends***

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

### ***Securities Transaction Tax (STT)***

All transactions entered into on a recognised stock exchange in India will be subject to a STT levied on the transaction value. With respect to the purchases and sales of equity shares and units of an equity-oriented

mutual fund, which are settled by actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.125 per cent. on both the buyer and seller of the equity share/unit. For sales of equity shares and units of an equity oriented-mutual fund, which are settled other than by actual delivery or transfer of the equity share/unit, STT will be levied at the rate of 0.025 per cent. on the seller of the equity share/unit. Furthermore, sellers of derivatives would be subject to an STT of 0.017 per cent., while a seller of a unit of an equity-oriented fund to a mutual fund would be subject to STT at the rate of 0.25 per cent. STT can be setoff against the income tax liability, calculated in accordance with the provisions of the Income Tax Act, provided that the gains on the transactions are, in fact, treated as business income, and not capital gains.

## **UNITED KINGDOM**

### ***The Company***

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident in the United Kingdom or as carrying on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income the Company will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

### ***United Kingdom Resident Investors***

Shareholders who are resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares.

#### *Taxation of dividends*

A distribution by the Company with respect to the Ordinary Shares in the form of a dividend may give rise to income chargeable in the United Kingdom to either income tax or corporation tax on income. In the case of a dividend, individuals domiciled and ordinarily resident for tax purposes in the United Kingdom who are liable to income tax at the starting or basic rate will be taxed at the ordinary rate (10 per cent.). An individual who is a higher rate tax payer will be chargeable to tax at the upper rate (32.5 per cent.). Non taxpayers will have no liability to income tax. United Kingdom resident corporate shareholders will normally be liable for corporation tax on any dividends paid by the Company.

#### *Taxation of capital gains*

The Company will not be a collective investment scheme for the purposes of the United Kingdom offshore funds legislation. Accordingly, any gain realised by a United Kingdom resident holder of Ordinary Shares or a holder of Ordinary Shares who carries on a trade in the United Kingdom through a permanent establishment with which their investment in the Company is connected on a sale or other disposal (including from a liquidation or dissolution of the Company) of their Ordinary Shares may, depending on their circumstances and subject as mentioned below, be subject to United Kingdom capital gains tax or corporation tax on chargeable gains. The amount of the gain, in general terms, will be the difference between the acquisition cost of the Ordinary Shares and the disposal proceeds.

On a disposal of Ordinary Shares by an individual investor who is resident or ordinarily resident in the United Kingdom for tax purposes, the Ordinary Shares may attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. An investor which is a body corporate resident in the United Kingdom for tax purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the Retail Prices Index.

### ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

No United Kingdom stamp duty or SDRT will arise on the issue of Ordinary Shares. Generally, no United Kingdom stamp duty or SDRT is payable on a transfer of or agreement to transfer Ordinary Shares executed outside of the United Kingdom.

### ***Section 739 Taxes Act 1988***

Individual investors ordinarily resident in the United Kingdom for tax purposes should note that Chapter III (Sections 739 and 740) of Part XVII of the Income and Corporation Taxes Act 1988 (the "UK Taxes Act")

may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the investor can satisfy the HM Revenue & Customs that either:

- (i) it would not be reasonable to draw the conclusion, from all the circumstances, that the purpose of avoiding liability to United Kingdom taxation was the purpose or one of the purposes, of his investment in the Company; or
- (ii) the investment was a genuine commercial transaction and it would not be reasonable to draw the conclusion, from all the circumstances, that his investment in the Company was more than incidentally designed for the purpose of avoiding liability to United Kingdom taxation.

### ***Controlled Foreign Companies Legislation***

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies” provisions contained in Sections 747 to 756 of the UK Taxes Act could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

### ***Section 13 Taxation of Chargeable Gains Act 1992 (“TCGA”)***

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Ordinary Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

### **MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

**TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (1) NOTHING INCLUDED IN THIS DISCUSSION IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE US FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER; (2) THIS DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE ORDINARY SHARES; AND (3) PROSPECTIVE INVESTORS SHOULD SEEK TAX ADVICE BASED ON THEIR OWN PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

The following is a summary of certain US federal income tax consequences of purchasing, holding and selling the Ordinary Shares. Except where otherwise stated, this summary deals only with Ordinary Shares held as capital assets by a beneficial owner. This discussion is based upon United States federal income tax laws as in effect on the date of this document, including the Internal Revenue Code of 1986, as amended (“the Code”), administrative pronouncements, judicial decisions, and existing and proposed Treasury regulations, all of which are subject to change, possibly with retroactive effect. This discussion is primarily directed to prospective investors who would be US holders, including citizens or residents of the United States; corporations, or other entities (taxable as corporations) created or organised in or under the laws of the United States or any political subdivision thereof; estates, the income of which is subject to United States federal income tax regardless of source; and trusts, if either a US court can exercise primary supervision over its administration and one or more US persons (within the meaning of the Code) have the authority to control all of its substantial decisions or the trust has a valid election to be treated as a US person. A “resident” of the United States includes an individual that (i) is lawfully admitted for permanent residence in the United States, (ii) is present in the United States for 183 days or more during a calendar year; or (iii) (a) is present in the United States for 31 days or more during a calendar year, (b) is present in the United States for an aggregate of 183 days or more, on a weighted basis, over a 3-year period ending in such calendar year, and (c) does not have a closer connection to a “tax home” that is located outside the United States.

This summary does not discuss aspects of United States taxation other than United States federal income taxation, and does not address all aspects of United States federal income taxation that may apply to holders who are subject to special rules under the Code, including, without limitation, rules that apply to banks, financial institutions, regulated investment companies, tax exempt entities, broker dealers, investors that would own their Ordinary Shares through a partnership or other entity treated as a partnership for United States federal income tax purposes, certain United States expatriates, and insurance companies. In addition, the tax consequences described here do not address any state, local, estate or foreign tax consequences of an investment in the Company. Prospective investors should consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Ordinary Shares, including the effect of any state or local tax laws or the laws of any jurisdiction other than the United States. It is particularly important for investors who are US holders to consult their own tax advisers as to the application of the rules summarised below with respect to passive foreign investment companies. If a partnership or an entity treated as a partnership for United States federal income tax purposes holds the Ordinary Shares, the US federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners of partnerships holding Ordinary Shares should consult their tax advisors.

No rulings have been sought or will be sought from the United States Internal Revenue Service (the "Service") with respect to any of the US federal income tax considerations discussed below. As a result, we cannot assure you that the Service will agree with the tax characterizations and the tax consequences described below.

### ***The Company***

The Ordinary Shares will be properly characterised as equity interests in (as opposed to indebtedness of) the Company, and the Company will so characterise all Ordinary Shares for all United States federal income tax purposes. The Service will not be bound by the characterisation of the Ordinary Shares by the Company or the holders.

The Company will be classified as a "corporation" for all United States federal income tax purposes. The Company will be subject to US federal income taxes on its net income only if it is treated as engaged in a trade or business within the United States. The Code and the Treasury regulations thereunder provide a specific exemption from US federal income tax on net income for foreign corporations which restrict their activities in the United States to trading in "stocks and securities" for their own account whether such activities are conducted directly by the corporation or through agents (provided the corporation is not a dealer in stock and securities) provided that the US stock or security sold is not that of a corporation that is considered a US real property holding corporation within the meaning of the Foreign Investment in Real Property Tax Act of 1980. The Company intends to rely on the above exemption and does not intend to operate so as to be subject to US federal income taxes on its net income. There is no assurance, however, that the Service will agree with the above US tax reporting position. If successfully challenged by the Service, the Company would be subject under the Code to regular corporate income tax on such US effectively connected income and, in addition, possibly to the 30 per cent. US branch profits tax.

Although the Company generally intends not to be subject to US federal income tax on its net income, certain income derived by the Company, if certain US investments are made, may be subject to US withholding taxes. It is not expected that the Company will derive material amounts of income that would be subject to US withholding taxes.

### ***Investors – United States Holders***

Special rules apply to an investment by a United States holder in a corporation that is a passive foreign investment company ("PFIC") or a controlled foreign corporation ("CFC") under the Code. See the discussion below, under the headings "Passive Foreign Investment Company Rules" and "Controlled Foreign Corporation Rules," for the consequences to a United States holder if the Company is a PFIC or a CFC.

#### ***General taxation of dividends and capital gains***

If the Company is not a PFIC or a CFC, then United States holders of Ordinary Shares generally will be required to include dividends on Ordinary Shares in their United States federal taxable gross income at the time such dividends are accrued or received, in accordance with such United States holder's method of

accounting for US federal income tax purposes. Dividends paid in any currency, other than US Dollars, will, depending on the holder's functional currency and method of accounting, be translated into US Dollars at the spot rate on the date the dividends are includible in the United States holder's income, regardless of whether the dividends are in fact converted to US Dollars on that date. A distribution by the Company with respect to the Ordinary Shares, including a pro-rata redemption of Ordinary Shares, will be treated first as a dividend to the extent of the current or accumulated earnings and profits of the Company as determined under the United States federal income tax principles, then as a tax-free return of a holder's tax basis in the Ordinary Shares, with the balance of the distribution, if any, treated as a gain realised by the United States holder from the sale or disposition of the Ordinary Shares.

Dividends from the Company will not be "qualified dividends" eligible for the special reduced 15 per cent. rate of federal income tax currently applicable to dividends received by non-corporate stockholders in United States corporations and certain "qualified foreign corporations." Instead, dividends from the Company will be taxable to United States holders at ordinary graduated federal income tax rates, which currently have a maximum 35 per cent. tax rate. To the extent that the Company does not make US investments, dividends paid by the Company will not be eligible for the dividends received deduction otherwise allowed to corporations under the Code. For purposes of the United States foreign tax credit limitation, dividends paid by the Company in taxable years beginning before 1 January 2007, with certain exceptions, will generally be "passive" income, while dividends paid in taxable years beginning after 31 December 2006 will, depending on certain circumstances, be "passive" or "general" income which, in either case, is treated separately from other types of income for purposes of computing the US foreign tax credit. All non-corporate United States holders, and all United States holders that are corporations and which own less than ten per cent. of the voting stock of the Company, will not be entitled to claim a US foreign tax credit for any foreign taxes paid by the Company.

Gain or loss realised by a United States holder on the sale or other disposition of an Ordinary Share (including upon liquidation or dissolution of the Company or as a result of non-pro-rata redemption of Ordinary Shares) will be subject to United States federal income tax, as a capital gain or loss, in an amount equal to the difference between such United States holder's adjusted tax basis in the Ordinary Share and the amount realised on its disposition. The United States holder's adjusted tax basis in an Ordinary Share will generally be equal to the US Dollar cost of acquiring the Ordinary Share.

Any capital gain or loss recognised upon the sale or other disposition of an Ordinary Share will be either short-term or, if held for more than one year, long-term. For non-corporate United States holders, the United States federal income tax rate applicable to the net long-term capital gain recognised for a year currently will not exceed 15 per cent., subject to the CFC and PFIC discussions below. The deductibility of a capital loss is subject to limitations. For purposes of the United States foreign tax credit limitation, a gain realised on the disposition of an Ordinary Share will be United States source gain. Loss realised on the disposition of an Ordinary Share will generally be United States source loss, although there are several exceptions to this rule which, if applicable, could resource such loss as a foreign source loss.

#### *Passive Foreign Investment Company Rules*

Special United States federal income tax rules apply to holders of equity interests in a "passive foreign investment company" ("PFIC"). The Company will constitute a PFIC for United States federal income tax purposes if either 75 per cent. or more of the Company's gross income in a tax year is passive income or the average percentage of the Company's assets (by either value or adjusted basis, depending on the circumstances) that produce or are held for the production of passive income is at least 50 per cent. Passive assets generally are defined as assets that give rise, or that reasonably could give rise during the reasonably foreseeable future, to passive income. Subject to certain exceptions, passive income generally includes (i) dividends, including dividends on stock held in an Investee Company in which the Company directly or indirectly owns less than 25 per cent. of its value; (ii) interest, including interest on loans to an Investee Company; (iii) rents and royalties not derived in the active conduct of a trade or business; (iv) net gains from the sale of property that generates passive income; and (v) the Company's pro-rata share of the passive income of a corporation of which the Company directly or indirectly owns 25 per cent. or more of its value. Cash and assets readily convertible into cash, bonds, and holdings of less than 25 per cent. of the value of stock in corporations, generally are all considered passive assets. An annual PFIC calculation will also need to be done for each foreign Investee Company.

### *Taxable United States holders*

If the Company is or becomes a PFIC during a US holder's holding period, then unless a United States holder makes one of the special elections described below, the federal income tax imposed on a United States holder with respect to income derived from an Ordinary Share will be determined under a special regime, which applies upon: (a) the receipt of any "excess distribution" from the Company (generally, distributions in any year that are greater than 125 per cent. of the average annual distributions received by such United States holder in the three preceding years or its holding period, if shorter) and (b) the sale or disposition of an Ordinary Share. Under this special regime, the excess distribution or realised gain is treated as ordinary income. The federal income tax on such ordinary income is determined under the following steps: (i) the amount of the excess distribution or gain is allocated ratably over the United States holder's holding period; (ii) tax is determined for amounts allocated to the first such year in which the Company qualified as a PFIC and all subsequent years (except the year in which the excess distribution or the sale occurred) by applying the highest applicable federal tax rate in effect in the year to which the income was allocated; (iii) an interest charge is added to this tax calculated by applying the underpayment interest rate to the tax for each year determined under the preceding sentence for the period from the due date of the income tax return for such year to the due date of the return for the year in which the excess distribution or the disposition occurred; and (iv) amounts allocated to a year prior to the first year in the United States holder's holding period in which the Company was a PFIC or to the year in which the excess distribution or the disposition occurred are taxed as ordinary income and no interest charge applies.

The Company expects to be treated as a PFIC for US federal income tax purposes because of the composition of its assets and the nature of its income. Given the Company's distribution and investment policies, there is a substantial risk that a United States holder will receive an amount treated as an excess distribution with respect to the Ordinary Shares if the Company is or becomes a PFIC. A United States holder must file Internal Revenue Service Form 8621 for each taxable year in which the holder recognises gain on a disposition of the PFIC stock, receives distributions from the PFIC or makes an election in connection with the PFIC, which is discussed below.

It is anticipated that each foreign Investee Company will not qualify as a PFIC for US federal income tax purposes because of the anticipated composition of each Investee Company's assets and the nature of its income, but no assurance can be provided at this time. If a foreign Investee Company is a PFIC, the above PFIC discussion will not apply to United States holders of the Company in connection with an "excess distributions" by the Investee Company as well as the sale or disposition of an Investee Company unless the United States holder, directly or indirectly, owns 50 per cent. or more of the value of the Company or the Company is a PFIC. If the above PFIC discussion is applicable, United States holders of the Company would generally be required under the PFIC regime to report and pay US tax, as well as potentially interest charges, on its share of this income, whether or not the Company makes any distributions.

The potential adverse tax consequences of these PFIC rules may be mitigated if a United States holder could make, and so made, either a qualified electing fund election ("QEF election"), pursuant to which the United States holder will be required to include in its annual gross income its pro-rata portion of the Company's ordinary income and long-term capital gains, whether or not such amounts are distributed to the United States holder, or a mark-to-market election. However, the Company does not intend to provide the necessary information to United States holders for them to be able to make a QEF election. In addition, in the unlikely event that a foreign Investee Company is a PFIC, the Company does not expect to receive the necessary information from such Investee Company for United States holders to make a QEF election in this entity.

### *Mark-to-Market Election*

Although the Company is not currently registered or traded on any exchange or market, the Company anticipates registering with the AIM market of the London Stock Exchange. If the Company does register Ordinary Shares to be traded on the AIM market, and for US federal income tax purposes the Ordinary Shares are considered to be "regularly traded on a qualified exchange," then United States holders may be permitted to make a mark-to-market election with regard to their Ordinary Shares. No assurance can be provided that our Ordinary Shares will qualify as regularly traded. If a United States holder is able to and makes a mark-to-market election, and if the Company is or becomes a PFIC, the United States holder will be required to include in its annual gross income the excess of the fair market value of the Ordinary Shares

at year-end over such holder's adjusted tax basis in the Ordinary Shares. Such amounts will be taxable to the United States holder as ordinary income, and will increase the holder's tax basis in the Ordinary Shares. If, in any year, a United States holder's tax basis exceeds the fair market value of the Shares at year-end, then the holder generally may take an ordinary loss deduction to the extent of the aggregate amount of ordinary income inclusions for prior years not previously recovered through loss deductions. Any loss deductions taken will reduce the holder's tax basis in the Ordinary Shares. Gain recognised on a disposition of Ordinary Shares with respect to which the holder has made a mark-to-market election is ordinary income, and loss recognised on a disposition is ordinary loss to the extent of previously unrecovered ordinary income inclusions.

Special rules apply to a United States holder who makes a mark-to-market election after the year during which the Ordinary Shares are acquired.

If the Company is or becomes a PFIC, and either a QEF election or mark-to-market election is not or cannot be made, an investment in Ordinary Shares by a United States holder could subject the holder to substantial adverse United States federal income tax consequences. Prospective United States holders should consult their own tax advisers regarding the potential application of the current PFIC rules and about the impact of any legislation, proposed or enacted, that could affect the PFIC rules.

#### *Controlled Foreign Corporation Rules.*

The Company would be a controlled foreign corporation ("CFC") if greater than 50 per cent. of its stock (by vote or value) is owned by United States holders, each of which owns at least ten per cent. (directly, indirectly or through constructive attribution) of the Company's voting stock. The same analysis applies to each Investee Company if such Company is a CFC. As to such ten per cent. or greater United States holders, the Company, as well as the Investee Companies, will be a CFC only in connection with their ownership interests, even if the Company, as well as the Investee Companies, would have otherwise been a PFIC. If the Company were a CFC, then each United States holder that owns at least ten per cent. of the Company's voting stock would be required to report and pay tax annually on its share of certain types of the Company's income, whether or not the Company makes any distributions. Additionally, each United States holder that owns at least ten per cent. of the Company's voting stock would potentially be required to treat a portion of any gain recognised on a sale, redemption or other disposition of Ordinary Shares as a dividend taxable at ordinary graduated federal income tax rates since the Ordinary Shares will not be readily tradable on an established securities market in the United States. Consequently, on such portion of a sale, redemption or other disposition, non-corporate United States holders would not qualify for the reduced 15 per cent. federal income tax rate. If the Company is or becomes a CFC, it undertakes to make good faith efforts to comply with all accounting, record keeping and reporting requirements necessary for United States holders to comply with their obligations under the CFC rules.

#### ***Investors-Non-United States Holders***

Generally a holder of Ordinary Shares other than a United States holder (a "non-United States holder") will not be subject to US federal income tax or US withholding tax on income derived by the Company, dividends paid to such holder by the Company, or gains realised on the sale of Ordinary Shares, provided that (i) such income items are not effectively connected with the conduct by the non-United States holder of a trade or business within the United States or, where an income tax treaty applies, are not attributable to a US permanent establishment of the non-United States holder; and (ii) in the case of a gain from the sale or disposition of Ordinary Shares, the non-United States holder is not present in the United States for 183 days or more during the taxable year of the disposition and certain other conditions are met.

#### ***United States Backup Withholding Tax***

Generally, dividends paid on Ordinary Shares are not subject to United States backup withholding tax. However, dividends paid on Ordinary Shares held through United States brokers and the proceeds of sales of the Ordinary Shares held through United States brokers would be subject to the United States backup withholding requirements if certain information reporting requirements are not satisfied. United States holders can avoid the imposition of backup withholding tax by reporting their taxpayer identification number to their broker or paying agent on Internal Revenue Service Form W-9. Non-United States holders can avoid the imposition of backup withholding tax by providing a duly completed Internal Revenue Service Form W-8BEN to their broker or paying agent. Any amounts withheld under the backup withholding tax rules from

a payment to a holder will be allowed as a refund or a credit against such holder's United States federal income tax, provided that the required information is timely furnished to the Service.

### ***Other United States Reporting Obligations***

A United States holder that purchases Ordinary Shares from the Company will likely be required to report the transfer to the Service if (a) immediately after the transfer, such United States holder holds (directly, indirectly or by attribution) at least ten per cent, of the total voting power or total value of the Company or (b) the amount of cash transferred by such United States holder (or any related person) to the Company to purchase the Ordinary Shares during any twelve-month period ending on the date of transfer exceeds \$100,000. Prospective United States holders are urged to consult their own tax advisers concerning these and any other reporting requirements.

### ***ERISA Considerations***

The United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Code set forth certain restrictions on (a) employee benefit plans (as defined in Section 3(3)) of ERISA, (b) plans described in Section 4975(e)(1) of the Code, including individual retirement accounts and Keogh plans, (c) any entity whose underlying assets include plan assets by reason of a plan's investment in such entity (each of (a), (b), and (c) herein after referred to as a "Plan" or "Benefit Plan") and (d) persons who have certain specified relationships to such Plans ("parties in interest" under ERISA and "disqualified persons" under the Code). ERISA also imposes specific requirements on fiduciaries of Plans subject to ERISA, namely, that they make prudent investments, that they diversify investments, and that they make investments in accordance with Plan documents and in the best interests of participants and their beneficiaries. In addition, assets of a Plan subject to ERISA must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA. Further, a party in interest under ERISA and a disqualified person under the Code are prohibited from engaging in certain transactions with respect to Plans or their assets (a "Prohibited Transaction"). A violation of these Prohibited Transaction rules may result in a breach of fiduciary duty under ERISA and the imposition of an excise tax or other penalties and liabilities under ERISA and/or the Code for such persons. A Prohibited Transaction could occur upon the Placing for, acquisition or holding of Ordinary Shares by a Benefit Plan if the Investment Manager, a co-investor, the Company, a Director, or any of their respective affiliates, were a party in interest or a disqualified person with respect to such Plan. However, both ERISA and the Code provide for certain statutory and administrative exemptions from the Prohibited Transaction rules which could apply in this case. Further, the US Department of Labour has issued a number of class exemptions that may apply to otherwise Prohibited Transactions arising from the acquisition or holding of Ordinary Shares, including: Class Exemption 75-1 (Transactions Involving Employee Benefit Plans and Certain Broker-Dealers, Reporting Dealers and Banks), Class Exemption 84-14 (Transactions Effected by Qualified Professional Asset Managers), Class Exemption 90-1 (Transactions involving Insurance Company Pooled Separate Accounts), Class Exemption 91-38 (Transactions Involving Bank Collective Investment Funds), Class Exemption 95-60 (Transactions Involving Insurance Company General Accounts) and Class Exemption 96-23 (Transactions Effected by In-House Asset Managers). The availability of each of these statutory, administrative and class exemptions is subject to a number of important conditions which each Benefit Plan's fiduciary must consider in determining whether such exemption applies.

A Plan fiduciary should consider whether a Plan investing in the Ordinary Shares could be deemed to own also an undivided interest in the underlying assets of the Company under ERISA and the US Department of Labor "Plan Asset" regulations. If the assets of the Company are deemed to be assets of such Plan, then any person who (i) exercises authority or control over the management of the Company or the disposition of the Company's assets, (ii) renders investment advice with respect to the Company's assets, or (iii) has any discretionary authority or discretionary responsibility in the administration of the Plan, could be held to be a "fiduciary" under ERISA and the Code, and all of the ERISA and Code fiduciary and Prohibited Transaction rules would apply to the structure and operation of the Company and the investment or other disposition of the Company's assets. ERISA Section 3(42) and the US Department of Labor "Plan Asset" regulations provide, however, that the underlying assets of the Company will not be considered "Plan Assets" if investment by "benefit plan investors" in the Company is less than 25 per cent. of the value of each class of equity interest of the Company. The Directors intend to use commercially reasonable efforts to prevent Benefit Plan Investors from owning 25 per cent. or more of each equity class of interest of the Company. For the purpose of the "Plan assets" rules, a "benefit plan investor" is any of the following: (i)

any "employee benefit plan" defined in Section 3(3) of ERISA; (ii) any Plan described in Section 4975(e)(1) of the Code; and (iii) any entity whose underlying assets include Plan Assets by reason of a Plan's investment in the entity. Furthermore, the US Department of Labor ("DOL") takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests). The DOL position necessitates the testing of whether the 25 per cent. ownership limitation has been exceeded at the time of any redemption of Ordinary Shares interests in the Fund. Pursuant to the Pension Protection Act of 2006, the definition of "benefit plan investor" for purposes of the "Plan assets" rules no longer include non-US plans (i.e. foreign plans with respect to the US), governmental plans, and certain church plans. Any purchaser or other transferee of the Ordinary Shares will be required to certify whether or not it is a "benefit plan investor" and whether or not it is subject to ERISA and/or Code Section 4975. If a purchaser or other transferee is such a benefit plan investor or is subject to ERISA and/or Code Section 4975, such purchaser or transferee will be required to provide certain additional representations relating to that status. The purchase by or transfer of the Ordinary Shares by any Plan will be subject to the consent of the Directors. Fiduciaries of Plans subject to ERISA and/or the Code who are considering an investment of Plan assets in the Ordinary Shares should consult with their own counsel regarding compliance with these rules.

Any potential investor considering an investment in shares that is, or is acting on behalf of, a plan (or a governmental plan subject to laws similar to ERISA and/or Section 4975 of the Code) is strongly urged to consult its own legal, tax and ERISA advisers regarding the consequences of such an investment and the ability to make the representations described above.

## **SWITZERLAND**

The following summary is based on the tax laws of Switzerland in effect on the date of this document, which may be subject to change at any time. Furthermore, this summary does not purport to be a comprehensive description of all Swiss tax aspects to be taken into consideration for the decision to purchase, own or dispose of Ordinary Shares and also does not purport to deal with the tax consequences applicable to all categories of prospective investors.

Prospective investors should therefore consult their own tax advisers as to the Swiss cantonal and federal tax law consequences of the purchase, ownership and disposition of Ordinary Shares. It is particularly important for investors who are in Switzerland to check on the cantonal tax laws of their canton of residence, as no specific views regarding cantonal and municipal taxes are expressed herein.

### ***The Company***

The Directors intend to manage and conduct the affairs of the Company so that for Swiss corporate tax purposes the Company does not become resident within Switzerland for Swiss tax purposes nor will it carry on a trade or a business through a permanent establishment ("*établissement stable*") located in Switzerland. On that basis and on the assumption that it has no Swiss source income the Company will have no liability in respect of either Swiss corporation tax or income tax.

### ***Investors***

#### ***Federal Stamp Taxes***

Under the Federal Swiss Stamp Tax Act of 27 June 1973 ("STA"), the issuance of Ordinary Shares by the Company is not subject to the Swiss federal issuance stamp tax, provided that the Company is at all times resident and effectively managed outside of Switzerland. However, the dealing in shares is subject to the Swiss Federal Stamp Tax Act on the transfer of securities if a Swiss bank or a Swiss securities dealer (as defined in the STA) is involved as an intermediary or as a counterparty in such a transaction.

#### ***Federal Withholding Tax***

The payment of dividends by the Company will not be subject to Swiss withholding tax (the statutory rate of which is 35 per cent.), provided the Company is at all times resident and effectively managed outside of Switzerland.

#### ***Federal Income Taxes***

A shareholder who is not resident in Switzerland and who has not during the taxable year engaged in trade or business through a permanent establishment or a fixed place of business in Switzerland and who is not

subject to Swiss federal income tax for any other reason shall not be subject to federal income taxes on dividends paid by the Company or on the gain realised on the sale of shares. The same rules normally apply for Swiss cantonal and municipal income taxes.

#### *Taxation of dividends*

Individuals residing outside of Switzerland, but holding Ordinary Shares through a permanent establishment or a fixed place of business in Switzerland, as well as Swiss individuals holding Ordinary Shares, who are resident or deemed resident in Switzerland in the sense of Swiss tax legislation are liable to federal income tax in respect of any dividend income received from the Company (including stock dividends, liquidation surpluses and proceeds from the redemption of its own shares by the Company). Corporate holders of Ordinary Shares who are resident or deemed resident in Switzerland in the sense of Swiss tax legislation are liable to federal profit tax in respect of any dividend income received from the Company. Under certain conditions, corporate shareholders may benefit from a "participation reduction" on dividend income if derived from shares having a fair market value of at least CHF 2,000,000 or representing a stake of at least 20 per cent. of the share capital of the Company. The same rules normally apply for cantonal and municipal income taxes.

#### *Taxation of Capital Gains*

Swiss resident individuals acting as private investors and holding the Ordinary Shares as private assets are not taxed on private capital gains realised on the sale of Ordinary Shares. Swiss resident individuals engaged in a business activity or deemed to manage their assets in a professional way for tax purposes are subject to federal income tax on capital gains realised on the sale of Ordinary Shares. Swiss resident corporate investors holding Ordinary Shares are taxed on capital gains realised on the sale of Ordinary Shares. Under certain conditions, corporate shareholders may benefit from a "participation reduction" on capital gains if derived from the disposition of shares representing a stake of at least 20 per cent. of the share capital of the Company and which have been held for at least one year. The same rules normally apply for cantonal and municipal income taxes.

#### *Cantonal Wealth Tax*

The cantonal tax laws provide for an annual wealth tax levied on the fair market value of the Ordinary Shares held by Swiss resident individuals.

### **EU SAVINGS TAXATION – BILATERAL AGREEMENT BETWEEN SWITZERLAND AND THE EU**

In accordance with the Agreement of 26 October 2004 between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48 EC of 3 June 2003 on taxation of savings income in the form of interest payments and the guidelines issued by the Federal Tax Administration, EU resident individuals receiving interest payments from a Swiss paying agent may, subject to the conditions set forth by the said Agreement, be subject to a withholding savings tax on "interest income" as defined in the said Agreement, to be withheld by the Swiss paying agent.

According to the said Agreement of 26 October 2004, the European Community and Switzerland agreed on the taxation of savings income by way of a specific withholding tax system or a voluntary declaration in the case of transactions between parties in the European Union Member States and Switzerland. Accordingly, Switzerland introduced a specific withholding tax on interest payments or other similar income paid by a Swiss paying agent to an individual residing in the European Union effective as from 1 July 2005. The withholding rate amounts to 15 per cent. for the first three years, 20 per cent. for the subsequent three years and 35 per cent. thereafter. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding tax if certain conditions are met.

### **OTHER JURISDICTIONS**

Prospective purchasers of Ordinary Shares that are resident in jurisdictions other than the Cayman Islands, India, the United States, the United Kingdom and Switzerland should consult their own professional tax advisers as to the tax consequences of the purchase, ownership and disposition of Ordinary Shares. **Any person who is in any doubt as to his tax position should consult his professional advisers.**

## PART 7

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, whose names appear on page 6 of this document, accept responsibility for all the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. THE GROUP

- 2.1 The Company was incorporated with limited liability and registered in the Cayman Islands as an exempted company under the Companies Law on 23 November 2006 and with registered number MC-177892.
- 2.2 The Company operates under the Companies Law and regulations made thereunder.
- 2.3 The Company's main activity is that of an investment company. As a closed-end investment company, the Company is not regulated as a mutual fund in the Cayman Islands and is not otherwise subject to regulatory review in its place of incorporation. When the Ordinary Shares are admitted to trading on AIM the Company will be subject to the Rules of the London Stock Exchange.
- 2.4 The registered office of the Company is located at P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands (telephone no. +1 345 949 8066).
- 2.5 The liability of the Shareholders of the Company is limited.
- 2.6 Save for its entry into the material contracts summarised in Paragraph 7 of this Part 7, since its incorporation, the Company has not carried on significant business and, other than the financial information set out in this document, no accounts of the Company have been made up.
- 2.7 The Company is the ultimate holding company of the following companies:

Name and Registered Number	Date of Incorporation and Country of residence	Registered Office	Percentage of issued share capital held
Kubera Cross-Border Fund (GP) Limited (No. MC-177956)	24 November 2006 Cayman Islands	PO Box 309GT Ugland House South Church Street George Town Grand Cayman Cayman Islands	100 per cent.
Kubera Cross-Border Fund (Mauritius) Limited (No. 067347)	11 December 2006 Mauritius	10 Frère Félix de Valois Street Port Louis Mauritius	100 per cent.*

\* Shares registered in the name of Kubera Cross-Border Fund (GP) Limited in its capacity as general partner, and for and on behalf of, the Kubera Cross-Border Fund LP.

- 2.8 The Mauritius Company is regulated by the Financial Services Commission in Mauritius. The Mauritius Company has been granted its required GBC1 licence and intends to subsequently apply for a tax residency certificate in Mauritius. The directors of the Mauritius Company are Messrs. Raghavendran and Mahadeva, together with Mr. Uday Kumar Gujadhur and Ms. Pamela Balasoupramaniam (both Mauritius residents and representatives of the Administrator). It is intended that Mr. Pravin Gandhi will be appointed as an additional director of the Mauritius Company following Admission.
- 2.9 The Company is also the principal limited partner of the Kubera Cross-Border Fund LP, an exempted limited partnership registered in the Cayman Islands under registration number MC-18700, constituted pursuant to the Partnership Agreement (further details of which are set out in Paragraph 7.7 of this































