

**FOR IMMEDIATE RELEASE**  
**22 OCTOBER 2009**

**ELEPHANT CAPITAL PLC (“ELEPHANT CAPITAL” OR “THE COMPANY”)  
KRAMMER LOAN**

In June 2007, Tusk Investments Fund 1 (a wholly owned subsidiary of Elephant Capital plc), acquired 40% of Elephant Capital 1 Limited (“Elephant Capital 1”), a new company set up to acquire 2,258,447 shares of Mahindra Forgings Limited. The remaining 60% is owned by Krammer Holdings Pte., Ltd, Singapore (“Krammer”), to whom Tusk Investments Fund 1 advanced a loan of £3.7 million (the “Krammer Loan”) to pay for Krammer’s 60% holding in Elephant Capital 1. The loan was secured by Krammer’s shares in Elephant Capital 1 (the “Guarantee Shares”). Elephant Capital 1’s sole asset is the 2,258,447 shares in Mahindra Forgings Limited. In addition, a personal guarantee from Mr. Puneet Makar was provided at the time the Krammer Loan was advanced. Mr Puneet Makar is the sole beneficial owner of Krammer.

The Krammer Loan was repayable on 28 June 2009 with interest charged annually at a rate of 9%. The interest charge for the year to 28 June 2008 amounting to £340,179 has been paid by Krammer. However, neither the principal amount of £3.7 million nor the interest accrued for the year to 28 June 2009 of £333,690 has been received to date (the interest accrued for the period 1 September 2008 to 28 February 2009 was recorded in the interim accounts as income of £165,474); and accordingly the loan is now in default. The Company’s management has been negotiating with Krammer since 28 June 2009 to restructure the loan but no solution has been forthcoming.

In view of the above, the Board of Elephant Capital believes the best alternative, in the absence of an acceptable solution from Krammer, is to settle the transaction immediately, by assuming control of the Guarantee Shares. As at the year-end date of 31 August 2009, the transaction will result in a write-down for Elephant Capital of up to £2.8 million, including unpaid interest, equating to an NAV reduction of approximately 5.6 pence per share. This mirrors the write-down already taken in respect of the 40% shareholding in Elephant Capital 1.

In addition, the Board of Elephant Capital has notified Mr. Puneet Makar that in the event that the Guarantee Shares are sold, and there is a shortfall on the amount outstanding to the Company, that Elephant Capital would consider invoking the personal guarantee he provided on entering into the loan agreement.

Elephant Capital will update the market as appropriate.

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**Notes to editors:**

***Elephant Capital plc***

Elephant Capital plc (previously named Promethean India plc) was launched in April 2007 as an AIM listed fund. The fund invests in private and public equity investments in India and is advised

by an India-based advisory team. Five investments have been made to date across a range of sectors including Hospitality, Automotive, Education, Building Materials and Mobile Banking Services.