**Unlisted Investment Portfolio Update: H1 FY 2015-16**

**Air Works India (Engineering) Private Limited (“Air Works”)**

Air Works is one of the leading independent providers of Aviation Maintenance, Repair and Overhaul (MRO) services in India, Aircraft Paint and Refinishing in Europe and Aircraft Management Services in Dubai. Founded in 1951, Air Works has successfully transformed itself from a family-run business focused on providing maintenance services to business aircraft into a professionally managed organisation providing a full suite of services to customers across Aircraft Management, Business and General Aviation MRO, Aircraft Paint and Refinishing, Commercial Aviation MRO, Avionics and Parts Distribution. It is India’s largest EASA Certified Business Aviation MRO company.

The company’s performance for the year has been impacted due to a slowdown in the European economy coupled with competitive price pressures and depreciating Euro. Deteriorating political conditions in middle-east Asia and sluggish business environment in Indian aviation industry too have added to the company’s woes as Air Works lost the A320 contract and operations in Delhi airport had to be discontinued due to regulatory changes. There has been a decline of 8% in the company’s revenue when compared to previous year with consolidated revenue at US$ 86 million and an EBITDA of US$ 7.8 million. The revenue numbers have also been 22% lower than operating plan. However, the business is slowly picking up with the last quarter witnessing a revenue of US$ 25.7 million which was 5% higher than previous year. Air Livery has a strong order pipeline with a confirmed order book of approx. GBP 12 million and Indian operations exhibiting marginal growth y-o-y.

Air Works India (Engineering) Private Limited (“Air Works”) has not performed in line with its budget. Accordingly its valuation in INR terms decreased marginally based on independent third party valuation. However, in GBP terms its valuation increased to GBP 3.25 million at 29 February 2016, compared to GBP 3.10 million at 31 August 2015, due to favourable exchange rate movement.

The Company is seeking US$10 million by way of an equity infusion which will allow it to service current debt requirements and provide an additional working capital surplus in order to maintain growth estimates. The Company has already commenced the process to raise the equity from third party and hopefully see an IPO in 2018. The equity process is facing challenges due to the different rights of its present shareholders and Indian regulatory obstacles.

**Amar Chitra Katha Private Limited (“ACK”)**

ACK is one of the leading children's media companies in India, with a catalogue of over 750 print and digital products and 25 major (and 50+ minor) proprietary characters with India-wide recognition. ACK's origins are in children's books and comics, including "Amar Chitra Katha", the number one children's comic book series which dates back to 1967. Another key brand is Tinkle, the number one English magazine for children. ACK has also entered into a licensing arrangement with the US National Geographic Society for publishing their magazines in India.

Based on latest management accounts received from the company, ACK revenue in FY 16 is expected to be ~ INR 500 million vs. INR 616 million in FY15. The Gross Margin of the business expanded to 47% from 45% in the previous year, as the Management cut back on unprofitable business segments and sales. The contribution of ads revenue has consistently grown in the last 2 years and reached INR 72 million FY15: INR58 million]. The full year PAT is a loss of INR 228 million, including a one-time loss booked on sale of a subsidiary of INR 47million. Excluding this one-time loss, FY16 PAT is a loss of INR 181 million [FY 15: INR 126million]. As of March 2016, the total debt in the balance sheet stood at approximately

INR 189million, financed by bank borrowing [INR 85million] and an Inter-Corporate deposit loan provided by the Holding Company [INR 104million].

Amar Chitra Katha Private Limited (“ACK”) has not performed in line with its budget. Accordingly, its valuation, based on an independent third party opinion, has been increased to GBP 0.72 million at 29 February 2016, compared to GBP 0.66 million at 31 August 2015 due to favourable exchange rate movement.

Elephant Capital invested GBP 3.2 million in ACK in a primary transaction in June 2010.  In April 2011, Elephant Capital announced a further investment of GBP 0.9 million in a second funding round, led by Future Consumer Enterprise Limited ("FCEL")). Elephant Capital's stake in ACK was 22% post this investment.  ACK subsequently bought back 70,457 of its own shares which represented 15% of its existing paid up capital at the purchase price which FCEL and Elephant Capital had paid in the second round of funding. Neither Elephant Capital nor its co-investors participated in this buy-back which subsequently resulted in Elephant Capital's shareholding in ACK increasing to 26%. In the rights issue conducted in ACK during FY 2014, Elephant Capital declined the opportunity to participate in the right issue, because it had started the process of returning capital to its shareholders. Its holding in ACK therefore diluted to 20%.

**Global Cricket Ventures Limited, Mauritius (“GCV”)**

In November 2009, Elephant Capital announced an investment of GBP 5.95 million in a primary transaction in GCV, a cricket-focused, digital media and broadcasting company. At the time of its investment, GCV was the exclusive licensee of key internet and mobile rights to the Indian Premier League (“IPL”) and key internet rights to the Champion’s League Twenty20 (“CLT20”) cricket tournaments.

In mid-2010, the Board of Control for Cricket in India announced that it would be rescinding its global media contracts with World Sports Group (“WSG”) from whom GCV sub-licensed many of its own cricket-related rights. Further, WSG terminated GCV’s contractual rights relating to the IPL. This obviously dealt a fatal blow to the business prospects of GCV, as GCV lost its key rights (which were re-awarded to other parties). As a result of WSG’s termination, GCV entered into active discussions to settle liabilities towards its own sub-licensees and has made significant progress on such settlements.

GCV has been plagued by litigation on several fronts. This unfortunately continues with GCV embroiled in litigation in both the US and the UK. The Investment Manager has been working through this and aiding GCV, and hopes that these matters can be brought to a resolution over the next 12 months.

The investment in Global Cricket Venture Limited (“GCV”) has been valued at GBP 0.57 million based on the estimated net asset value of GCV attributable to Elephant Capital’s shareholding as at 29 February 2016, compared to GBP 0.64 million as at 31 August 2015.