

**EIH plc**

**Annual Report**

For the year ended 31 December 2019

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# EIH plc

## Management and Administration

<b>Directors</b>	Mr Rhys Cathan Davies Mr Ramanan Raghavendran Mr Brett Lance Miller* *Independent
<b>Company Secretary</b>	Christopher Stobart (appointed 19 June 2020) Jacqueline Karen Fergusson (resigned 19 June 2020)
<b>Registered Office</b>	First Names House Victoria Road Douglas Isle of Man, IM2 4DF
<b>Administrator</b>	IQ-EQ (Isle of Man) Limited First Names House Victoria Road Douglas Isle of Man, IM2 4DF
<b>Nominated Adviser and Broker</b>	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
<b>English Legal Advisers to the Company</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Isle of Man Legal Advisers to the Company</b>	Cains Advocates Limited Fort Anne Douglas Isle of Man, IM1 5PD
<b>Auditors</b>	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man, IM1 1LA

## Chairman's Statement

At 31 December 2019, the net asset value of EIH plc ("the Company") was US\$0.143 per share as compared with US\$0.263 per share a year earlier, a decline of 45.6% in the period. Adjusting for the capital distributions of 8.0 cents per share and 2.0 cents per share made to shareholders of the Company registered at 12 April 2019 and 17 May 2019 respectively, the Company's NAV per share decreased by 7.5% in the period. The Company reported a loss for the year of US\$1.2m (2018: US\$5.3m). The current year loss was due mainly to the unrealised loss in value amounting to £0.74m during the year in the Company's investment in Evolve India Fund PCC.

On 17 April 2019, the Company made a capital distribution to shareholders of 8.0 cents per share, equivalent to approximately US\$5.16m.

On 21 May 2019, the Company made a capital distribution to shareholders of 2.0 cents per share, equivalent to approximately US\$1.29m.

After the year end, on 24 January 2020, the Company made a capital distribution of 1.0 cents per share to shareholders of the Company registered as at 17 January 2020, equivalent to approximately US\$0.65m. Then on 24 April 2020, the Company made a capital distribution of 2.0 cents per share to shareholders of the Company registered as at 14 April 2020, equivalent to approximately US\$1.29m.

Under the agreement for the disposal of its shareholding in RSB, which was held through EIF Co Invest VII, the Company received sale proceeds on 10 April 2019 of US\$5.24m from its disposal of its shareholding in RSB, held through EIF Co Invest VII, and a further US\$1.56m on 24 April 2019 as a distribution from EIF in respect of the disposal of its indirect shareholding in RSB, held through EIF.

In April 2019 and October 2019, the Company received distributions from EIF totalling approx. US\$1.6m and approx. US\$0.9m, respectively.

Total operating costs during the year were US\$0.49m as compared with US\$0.52m in the prior year, a decrease of 5.8%. In addition, the Company paid certain annual management fees and expenses to EIF in respect of its commitment. These costs are embedded in the capital accounts for those two funds and do not appear in the Company's statement of comprehensive income.

The Company's portfolio now comprises the following (based on year end Fair Values):

<b>Table 1. Investments</b>	<b>Capital Commitment</b>	<b>Capital invested</b>	<b>Capital Distribution</b>	<b>Fair value adjustment</b>	<b>Fair Value</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<i>Fund Investments (equity)</i>					
Evolve India Fund PCC	45,120,000	45,120,000	(33,138,429)	(4,076,737)	7,904,834
	<b>45,120,000</b>	<b>45,120,000</b>	<b>(33,138,429)</b>	<b>(4,076,737)</b>	<b>7,904,834</b>

### Evolve India Fund PCC ("EIF")

At the year end the Company had US\$12.0m invested in EIF (capital called less refund capital contributions), equivalent to 18.6 cents per share. At the reporting date the fair value of the Company's investment in EIF was US\$7.9m, equivalent to 12.3 cents per share, representing a 0.66 times multiple over cost. EIF is now fully drawn down.

It is noted that the Indian Rupee ("INR") decreased in value by 2.1% against the US Dollar during the year in review. The distributions from EIF's investees decreased by 21.2% year-on-year, while the fair value of EIF's portfolio decreased by approximately 4.0% in US Dollar terms (on the basis of beginning and end period fair values, and adjusting for drawdowns and distributions made during the period).

## Chairman's Statement (continued)

EIF's five largest investees comprise 93.5% of its fair value. These funds are Jacob Ballas India Fund III (Growth / PIPE), JMF India Fund I (Growth), HI-REF International LLC (Real Estate) and Lodha Bellezza and Meredian (Real Estate). As noted above, on 24 April 2020, the Company made a capital distribution of 2.0 cents per share to shareholders of the Company. This distribution was substantially received from JMF India Fund I, following the realisation of its largest remaining asset.

The Directors have reviewed certain underlying financial information provided to us by EIF's Investment Manager and we remain confident that as EIF's underlying portfolio matures and further realisations are achieved, further cash distributions will be received by the Company. However, as noted in the circular to shareholders dated 7 April 2020, the Directors have concluded that, while they remain confident that further realisations from the underlying portfolio of the Company's limited partnership interest in EIF will be achieved, there is now a higher level of uncertainty as to both the value of the remaining assets to be realised and the time of distributions to Shareholders as a result of the Coronavirus (COVID-19) situation in India. The Board is closely monitoring these developments. In particular, EIF's Investment Manager has advised that the life of EIF has been extended until 31 October 2020, with the likelihood that further extensions will be required thereafter.

### **RSB Group ("RSB")**

The Company's total interest in RSB was disposed of in the year under review (see above).

### **Other matters**

At an Extraordinary General Meeting of the Company held on 7 May 2020, a special resolution to approve the proposed cancellation of the Company's shares to trading on AIM was duly passed. Accordingly, admission of the Company's shares to trading on AIM was cancelled with effect from 18 May 2020.

Following the cancellation, N&I Singer ceased to act as nominated adviser and broker of the Company.

At the date of signing this report the Company holds US\$0.49m in net cash balances, equivalent to 0.76 cents per share.

As a Board we will continue to manage operating costs carefully. Our objective is to realise assets at the appropriate time and value, and to return the proceeds less expenses to our shareholders.

On behalf of the Board of Directors, I thank all Shareholders for their support.

Sincerely yours,

**Rhys Cathan Davies**

**Chairman**

**12 August 2020**

# EIH plc

## Directors' Report

The Directors hereby submit their annual report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

### The Company

The Company is incorporated in the Isle of Man and was established to provide investors access to a diversified Indian private equity portfolio. The Company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011.

### Delisting from AIM

At an Extraordinary General Meeting of the Company held on 7 May 2020, a special resolution to approve the proposed cancellation of the Company's shares to trading on AIM was duly passed. Accordingly, admission of the Company's shares to trading on AIM was cancelled with effect from 18 May 2020.

Following the cancellation, N&I Singer ceased to act as nominated adviser and broker to the Company.

### Results and Dividend

The results of the Company for the year and the financial position of the Company at the end of the year are set out in the attached financial statements.

Audited net asset value ("NAV") as at 31 December 2019

* NAV	US\$9.2 million (2018: US\$16.9million)
* NAV per share	US\$0.143 (2018: US\$0.263)

The Company announces its audited NAV of US\$0.143 per share as at 31 December 2019. The NAV per share of US\$0.143 as at 31 December 2019 represents a decrease of 8.3% from the NAV per share of US\$0.156 as at 30 June 2019.

During the year capital distributions of 8.0 cents per share and 2.0 cents per share, equivalent to approximately US\$5.16 million and approximately US\$1.29 million respectively, were made to the shareholders of the Company (2018: 2.5 cents per share and 1.5 cents per share, equivalent to approximately US\$1.61 million and US\$0.97 million, respectively).

After the year end, on 24 January 2020 and 24 April 2020, the Company made capital distributions of 1.0 cents per share and 2.0 cents per share, to shareholders of the Company registered as at 17 January 2020 and 14 April 2020, respectively.

The Directors recommend that no dividend be declared in respect of the year ended 31 December 2019 (2018: US\$ Nil).

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2018 a resolution was proposed that the Company ceases to continue as presently constituted. No Shareholders voted in favour of this resolution, therefore a similar resolution will be proposed at every third annual general meeting of the Company thereafter. If the resolution is passed, the Directors will be required, within 3 months of the resolution, to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

### Directors

The Directors during the year and up to the date of this Report are as follows:

- Mr Rhys Cathan Davies (Chairman)
- Mr Ramanan Raghavendran
- Mr Brett Lance Miller

### Investment Manager

Evolve India Advisors Inc ("EIA") gave notice of its intention to resign as the Investment Manager of the Company on 27 October 2008 and the termination of the Investment Management Agreement took effect on 30 September 2009. EIA were retained as consultants on 23 March 2010 to provide information to assist in the valuation of the Company's investments.

EIH plc

## **Directors' Report (continued)**

### **Independent Auditors**

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

On behalf of the Board

**Rhys Cathan Davies**

**Chairman**

**12 August 2020**

## **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law.

The Directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

**Rhys Cathan Davies**  
**Chairman**  
**12 August 2020**

## Independent Auditor's Report to the Members of EIH PLC

### Opinion

We have audited the financial statements of EIH PLC ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Emphasis of matter – valuation of investments

We draw attention to notes 3.1, 4, and 7, to the financial statements concerning the valuation of investment stated at \$7,904,834 (2018: \$16,345,477). These investments comprise holdings in private investment funds, which are stated at share of net asset value as reported by the respective fund administrator. They are classified as level 3 in the IFRS 13 fair value hierarchy (as there are no observable market inputs) and therefore there is inherent uncertainty in their valuation. As a result, the amount realised on their disposal may differ materially from the amount at which they are stated in the financial statements. The impact of this uncertainty cannot be quantified. Our opinion is not modified in respect of this matter.

### Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### Other information

The Directors are responsible for the other information presented with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## **Independent Auditor's Report to the Members of EIH PLC (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company, or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditors' report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Section 80(c) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit report, for this report, or for the opinions we have formed.

**KPMG Audit LLC**  
*Chartered Accountants*  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM1 1LA

**12 August 2020**

# EIH plc

## Statement of Comprehensive Income for the year ended 31 December 2019

	Note	31 December 2019 US\$	31 December 2018 US\$
<b>Income</b>			
Interest receivable		637	496
Fair value movement on investments at fair value through profit or loss	7	992,371	(4,737,192)
Loss on disposal of investment at fair value through profit or loss	7	(1,731,901)	-
Other expenditure		(9,427)	(4,723)
<b>Net investment expenditure</b>		<b>(748,320)</b>	<b>(4,741,419)</b>
<b>Expenses</b>			
Administrative expenses		(309,529)	(346,065)
Legal and other professional fees	9.1	(140,214)	(133,240)
Audit fees		(43,468)	(39,825)
<b>Total operating expenses</b>		<b>(493,211)</b>	<b>(519,130)</b>
<b>Loss before tax</b>		<b>(1,241,531)</b>	<b>(5,260,549)</b>
Income tax expense	15	-	-
<b>Loss for the year</b>		<b>(1,241,531)</b>	<b>(5,260,549)</b>
Other comprehensive income		-	-
<b>Total comprehensive expenditure for the year</b>		<b>(1,241,531)</b>	<b>(5,260,549)</b>

The Directors consider that all results derive from continuing activities.

The accompanying notes on pages 13 to 22 form an integral part of these financial statements.

Statement of Financial Position  
as at 31 December 2019

	Note	31 December 2019 US\$	31 December 2018 US\$
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	7	7,904,834	16,345,477
<b>Total non-current assets</b>		<b>7,904,834</b>	<b>16,345,477</b>
<b>Current assets</b>			
Trade and other receivables	11	5,002	24,488
Cash and cash equivalents	10	1,391,196	627,867
<b>Total current assets</b>		<b>1,396,198</b>	<b>652,355</b>
<b>Total assets</b>		<b>9,301,032</b>	<b>16,997,832</b>
<b>Equity</b>			
Issued share capital	13	1,264,706	1,264,706
Share premium		12,404,923	18,854,923
Retained loss		(4,427,881)	(3,186,350)
<b>Total equity</b>		<b>9,241,748</b>	<b>16,933,279</b>
<b>Liabilities</b>			
Trade and other payables	12	59,284	64,553
<b>Total current liabilities</b>		<b>59,284</b>	<b>64,553</b>
<b>Total liabilities</b>		<b>59,284</b>	<b>64,553</b>
<b>Total equity and liabilities</b>		<b>9,301,032</b>	<b>16,997,832</b>

The financial statements were approved by the Board of Directors on 12 August 2020 and signed on their behalf by:

**Rhys Cathan Davies**  
Director

**Ramanan Raghavendran**  
Director

Statement of Changes in Equity  
for the year ended 31 December 2019

	Share Capital US\$	Share Premium US\$	Retained Earnings US\$	Total US\$
Balance at 1 January 2018	1,264,706	21,434,923	2,074,199	24,773,828
<b>Total comprehensive expenditure</b>				
Loss for the year	-	-	(5,260,549)	(5,260,549)
Other comprehensive income	-	-	-	-
<b>Total comprehensive expenditure</b>	-	-	(5,260,549)	(5,260,549)
<b>Transactions with shareholders</b>				
Return of capital to shareholders	-	(2,580,000)	-	(2,580,000)
<b>Total transactions with shareholders</b>	-	<b>(2,580,000)</b>	-	<b>(2,580,000)</b>
<b>Balance at 31 December 2018</b>	<b>1,264,706</b>	<b>18,854,923</b>	<b>(3,186,350)</b>	<b>16,933,279</b>
Balance at 1 January 2019	1,264,706	18,854,923	(3,186,350)	16,933,279
<b>Total comprehensive expenditure</b>				
Loss for the year	-	-	(1,241,531)	(1,241,531)
Other comprehensive income	-	-	-	-
Total comprehensive expenditure	-	-	(1,241,531)	(1,241,531)
<b>Transactions with shareholders</b>				
Return of capital to shareholders	-	(6,450,000)	-	(6,450,000)
<b>Total transactions with shareholders</b>	-	<b>(6,450,000)</b>	-	<b>(6,450,000)</b>
<b>Balance at 31 December 2019</b>	<b>1,264,706</b>	<b>12,404,923</b>	<b>(4,427,881)</b>	<b>9,241,748</b>

Statement of Cash Flows  
for the year ended 31 December 2019

	Note	31 December 2019 US\$	31 December 2018 US\$
<b>Cash flows from operating activities</b>			
Loss before tax		(1,241,531)	(5,260,549)
<i>Adjustments:</i>			
Fair value movement on investments at fair value through profit or loss	7	(992,371)	4,737,192
Loss on disposal of investment at fair value through profit or loss	7	1,731,901	-
Interest receivable		(637)	(496)
<b>Operating loss before working capital changes</b>		<b>(502,638)</b>	<b>(523,853)</b>
Decrease in trade and other receivables		19,486	4,643
Decrease in trade and other payables		(5,269)	(3,091)
<b>Net cash used by operating activities</b>		<b>(488,421)</b>	<b>(522,301)</b>
<b>Cash flows from investing activities</b>			
Interest receivable		637	496
Proceeds from disposal of investment	7	5,237,699	-
Capital distributions received	7	2,463,414	2,982,119
<b>Net cash generated from investing activities</b>		<b>7,701,750</b>	<b>2,982,615</b>
<b>Cash flows from financing activities</b>			
Return of capital to shareholders		(6,450,000)	(2,580,000)
<b>Net cash used by financing activities</b>		<b>(6,450,000)</b>	<b>(2,580,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>763,329</b>	<b>(119,686)</b>
Cash and cash equivalents at beginning of the year		627,867	747,553
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>1,391,196</b>	<b>627,867</b>

The accompanying notes on pages 13 to 22 form an integral part of these financial statements.

## Notes to the Financial Statements for the year ended 31 December 2019

### **1 The Company**

EIH plc was incorporated and registered in the Isle of Man under the Isle of Man Companies Act 1931-2004 on 10 November 2006 as a public company with registration number 118297C. The company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011 with registration number 006738V.

Pursuant to a prospectus dated 19 March 2007 there was a placing of up to 65,000,000 Ordinary Shares of £0.01 each. The number of Ordinary Shares in issue immediately following the placing was 65,000,002. The shares of the Company were admitted to trading on AIM, a market of that name operated by the London Stock Exchange plc following the closing of the placing on 23 March 2007. The Company purchased 500,000 of its own shares for US\$0.60 each on 30 September 2011.

At an Extraordinary General Meeting of the Company held on 7 May 2020, a special resolution to approve the proposed cancellation of the Company's shares to trading on AIM was duly passed. Accordingly, admission of the Company's shares to trading on AIM was cancelled with effect from 18 May 2020. Following the cancellation, N&I Singer ceased to act as nominated adviser and broker to the Company.

The Company's agents perform all significant functions. Accordingly, the Company itself has no employees.

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2018 a resolution was proposed that the Company ceases to continue as presently constituted. No Shareholders voted in favour of this resolution, therefore a similar resolution will be proposed at every third annual general meeting of the Company thereafter. If the resolution is passed, the Directors will be required, within 3 months of the resolution, to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial statements were authorised for issue by the Board of Directors on 12 August 2020.

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss that are measured at fair value in the statement of financial position.

#### **2.3 Functional and presentation currency**

These financial statements are presented in US Dollars, which is the Company's functional currency. All financial information presented in US Dollars has been rounded to the nearest Dollar.

#### **2.4 Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

Judgements made by the Directors in the application of IFRS that have a significant impact on the financial statements and estimates with a significant risk of material adjustment in the next financial year relate to valuation of financial assets at fair value through profit or loss – see note 4.

## Notes to the Financial Statements (continued) for the year ended 31 December 2019

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **3.1 Investments at fair value through profit or loss**

IFRS 13, Fair Value Measurement, establishes a single source of guidance for measuring fair value and requires disclosure about the fair value measurements. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also IFRS 13 includes disclosure requirements.

Investments are designated as financial assets at fair value through profit or loss. They are measured at fair value with gains and losses recognised through the profit or loss.

The Company's investments at fair value through profit or loss comprise funds, where fair value is estimated by the Directors to be the Company's share of net asset value per latest financial results reported by the underlying fund administrator.

#### **3.2 Foreign currency translation**

The US dollar is the functional currency and the presentation currency. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the date of these financial statements are translated to US dollars at exchange rates prevailing on that date. All resulting exchange differences are recognised in the profit or loss.

#### **3.3 Interest income and dividend income**

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

#### **3.4 Cash and cash equivalents**

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### **3.5 Future changes in accounting policies**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the Company's financial statements.

### **4 Use of estimates and judgements**

These disclosures supplement the commentary on financial risk management (see note 16).

#### **Key sources of estimation uncertainty**

##### *Determining fair values*

The determination of fair values for financial assets for which there is no observable market prices requires the use of valuation techniques as described in accounting policy 3.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The eventual outcome may differ from the value estimate. See also "Valuation of financial instruments" below.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**4 Use of estimates and judgements (continued)**

**Critical judgements in applying the Company's accounting policies**

*Valuation of financial instruments*

The Company's accounting policy on fair value measurements is discussed in accounting policy 3.1. The Company measures fair value using the IFRS 13 fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category included instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. The Company's investments in funds are classified as level 3, as the underlying investments are private entities, valued using valuation techniques (see note 7).

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurements are categorised:

	31 December 2019	31 December 2018
	Level 3	Level 3
	US\$	US\$
<b>Financial assets at fair value through profit or loss (note 7)</b>		
Evolve India Fund PCC	7,904,834	11,107,778
EIF Co Invest VII (RSB Group)	-	5,237,699
	<b>7,904,834</b>	<b>16,345,477</b>

The table in note 7 shows a reconciliation from the beginning balances to the ending balances for investments, all of which are categorised as level 3 in the fair value hierarchy.

**5 Net asset value per share**

The net asset value per share as at 31 December 2019 is US\$0.143 per share based on 64,500,002 ordinary shares in issue as at that date (2018: US\$0.263 per share based on 64,500,002 ordinary shares).

**6 Dividends and capital distributions**

The Directors do not propose to declare a dividend for the year ended 31 December 2019 (2018: US\$Nil). During the year capital distributions of 8.0 cents per share and 2.0 cents per share, equivalent to approximately US\$5.16m and approximately US\$1.29m respectively, were made to the shareholders of the Company (2018: 2.5 cents per share and 1.5 cents per share, equivalent to approximately US\$1.61m and approximately US\$0.97m, respectively).

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**7 Financial assets at fair value through profit or loss**

The objective of the Company is to make indirect investments in Indian private equity funds and companies via Mauritian based investment funds and to also co-invest directly in certain portfolio companies of the underlying funds. As at 31 December 2019, the investment portfolio comprised the following assets:

Investments (unlisted)	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$	US\$	US\$	US\$	US\$
<i>Fund Investments (equity)</i>					
Evolve India Fund PCC	45,120,000	45,120,000	(33,138,429)	(4,076,737)	7,904,834
	<b>45,120,000</b>	<b>45,120,000</b>	<b>(33,138,429)</b>	<b>(4,076,737)</b>	<b>7,904,834</b>

The fair value of the Company's investments has been estimated by the Directors and is based on reported net asset values. The movement in investments in the year was as follows:

	31 December 2019	31 December 2018
	US\$	US\$
Fair value brought forward	16,345,477	24,064,788
Disposal proceeds of investments at fair value	(5,237,699)	-
Capital distributions	(2,463,414)	(2,982,119)
Realised loss	(1,731,901)	-
Movement in fair value	992,371	(4,737,192)
<b>Fair value at year end</b>	<b>7,904,834</b>	<b>16,345,477</b>

The outstanding capital commitments as at 31 December 2019 were US\$nil (2018: US\$nil).

**Evolve India Fund PCC (EIF)**

Evolve India Fund PCC, a protected cell company formed under the laws of Mauritius having limited liability, is a private equity fund of funds with a co-investment pool, focusing primarily on investments in India. The fund investments of EIF are Baring India Private Equity Fund II, India Value Fund II, Leverage India Fund, New York Life Investment Management India Fund II, Ascent India Fund, JM Financial India Fund I, HI-REF International LLC Fund and NYLIM Jacob Ballas India Fund III.

*Valuation basis*

The fair value of the investment in EIF is based on the Company's share of the net assets of EIF at 31 December 2019 per its results as reported by the underlying fund administrator. The financial statements of EIF are prepared under IFRS, with all investments stated at fair value. The valuation of the investment portfolio of EIF has been performed by its investment manager at 31 December 2019. The investment portfolio comprises investments in private equity funds, where fair value is based on reported net asset values.

**EIF Co Invest VII**

The Company invested US\$6,969,600 in RSB Group through a special purpose vehicle (SPV), EIF Co Invest VII. The Company entered into an agreement for the sale of its shareholding in RSB, held through EIF Co invest VII, on 20 March 2019. The Company received sale proceeds on 10 April 2019 of US\$5.24m from its disposal of its shareholding in RSB, held through EIF Co Invest VII, and a further US\$1.55m on 24 April 2019 as a distribution from EIF in respect of the disposal of its indirect shareholding in RSB, held through EIF.

**8 Related parties and related party transactions**

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial or operational decisions.

None of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**9 Charges and Fees**

**9.1 Nominated Adviser's fees**

As nominated adviser to the Company for the purposes of the AIM Rules, Nplus1 Singer Advisory LLP is entitled to receive an annual fee of £30,000 in addition to reasonable costs and expenses incurred in carrying out its obligations under the nominated adviser agreement.

Advisory fees paid to the Nominated Adviser for the year amounted to US\$37,978 (2018: US\$40,564).

N&I Singer ceased to act as nominated adviser and broker to the Company following the cancellation of the Company's shares to trading on AIM on 18 May 2020.

**9.2 Administrator's and Registrar's fees**

By a deed dated 17 July 2009 between the Company and IQ EQ (Isle of Man) Limited (IQ EQ), IQ EQ agreed to provide general secretarial services to the Company for which it receives fees incurred on a time spent basis in accordance with the charging rates of IQ EQ in force from time to time; and all disbursements and expenses incurred by IQ EQ in connection with the provision by it of services to the Company. The fees are subject to Value Added Tax (VAT).

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

IQ EQ may utilise the services of a CREST accredited registrar for the purpose of settling share transactions through CREST. The cost of this service will be borne by the Company. The Company pays the CREST Service Provider an annual fee of £6,654 plus a fee for each holding and transfer registered.

Administration fees for the year amounted to US\$19,346 (2018: US\$10,434) of which US\$nil was outstanding at 31 December 2019 (2018: US\$nil).

CREST fees were US\$21,627 (2018: US\$21,846) of which US\$5,559 was outstanding at 31 December 2019 (2018: US\$5,150).

**10 Cash and cash equivalents**

	31 December 2019 US\$	31 December 2018 US\$
Bank balances	1,391,196	627,867
<b>Cash and cash equivalents</b>	<b>1,391,196</b>	<b>627,867</b>

**11 Trade and other receivables**

	31 December 2019 US\$	31 December 2018 US\$
Prepaid expenses	-	18,182
VAT receivable	5,002	6,306
<b>Total</b>	<b>5,002</b>	<b>24,488</b>

**12 Trade and other payables**

	31 December 2019 US\$	31 December 2018 US\$
Other creditors	10,634	22,791
Accruals	48,650	41,762
<b>Total</b>	<b>59,284</b>	<b>64,553</b>

# EIH plc

## Notes to the Financial Statements (continued) for the year ended 31 December 2019

### 13 Issued share capital

Ordinary Shares of 1p each	Number	US\$
In issue at the start of the year	64,500,002	1,264,706
Movement in issued share capital	-	-
<b>In issue at 31 December 2019</b>	<b>64,500,002</b>	<b>1,264,706</b>

The authorised share capital of the Company is £700,000 divided into 70 million Ordinary Shares of £0.01 each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's assets.

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share.

At Annual General Meeting (AGM) held on 28 June 2010 the Company's new investment policy was unanimously approved by shareholders:

"The Company shall not make any new investments, save for commitments already entered into. The Company will actively manage its investments and seek to realise such investments in a managed way at an appropriate time, returning proceeds to Shareholders as soon as practicable.

Shareholder returns are expected to be delivered by way of return of capital on their shares, whether by dividend, repurchase, tender or otherwise."

The Company's capital comprises share capital, share premium and reserves. The Company is not subject to externally imposed capital requirements.

### 14 Directors' remuneration

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is £200,000 per annum. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. If by arrangement with the Board, any Director performs any special duties outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine. Due to the protracted sale of the Company's holding in RSB Group, the sale of which was agreed in September 2018, and completed in March 2019, both Rhys Davies and Brett Miller were paid an additional amount (year ended 31 December 2019: £12,000 each (US\$15,696 each); year ended 31 December 2018: £50,000 each (US\$65,211 each)). Total fees and expenses paid to the Directors for the year amounted to US\$259,760 (year ended 31 December 2018: US\$315,234) and insurance expenses totalled US\$13,840 (year ended 31 December 2018: US\$16,324).

Director	31 December 2019 US\$	31 December 2018 US\$
Rhys Cathan Davies	125,879	126,815
Ramanan Raghavendran	59,093	61,604
Brett Lance Miller	74,788	126,815
<b>Total</b>	<b>259,760</b>	<b>315,234</b>

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**15 Taxation**

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man and is subject to taxation on its income but the rate of tax is zero.

The Company invests in one Mauritian incorporated company and funds, which in turn invest in India. The Company is therefore exposed to Mauritian tax on the investee company and to Indian tax on underlying investments of that company. However, pursuant to the Double Taxation Treaty between India and Mauritius, the Mauritian incorporated company and funds are entitled to significant tax benefits.

There is no Mauritian tax payable on distributions paid to the Company from the Mauritian investee company.

**16 Financial risk management**

The Company's activities expose it to a variety of financial risks: equity market risks, foreign exchange risk, credit risk, liquidity risk and interest rate risk.

*Equity market risks*

The Company's investments are subject to equity market risks. The investments are concentrated in India. The Company's strategy on the management of investment risk is driven by the Company's investment objective. The main objective of the Company is to maximise the total returns to investors by making investments in Indian private equity funds and co-investment vehicles. Underlying investments in India may be difficult, slow or impossible to realise.

The Company is subject to general risks incidental to equity investments in the relevant market sectors, including general economic conditions, poor management of the target company, increasingly competitive market conditions, changing sentiments and increasing costs, amongst others. The marketability and value of any investment will depend on many factors beyond the control of the Company and therefore the Company can give no assurance that an exit from any investment will be achieved.

The investment portfolio is subject to market price sensitivity related to the Indian equity market.

A substantial portion of the Company's underlying investments are or will be in unlisted companies, whose securities are considered to be illiquid. Illiquidity may affect the ability of the primary and underlying funds to acquire and dispose of such investments.

*Foreign exchange risk*

A significant portion of the investments of the Company, the primary funds and the underlying funds are made in securities of companies in India and the income and capital realisations received from such investments as well as the income and capital realisations received from any direct investments will be denominated in Indian Rupees, whereas the capital contributions by the Company are in US Dollars. The Company's other operations are also conducted in other jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than the US Dollars. As a result, the Company is subject to the effects of exchange rate fluctuations with respect to these currencies. The currency giving rise to this risk is primarily the Indian Rupee.

The Company's policy is not to enter into any currency hedging transactions.

At the reporting date the Company had the following exposure:

	31 December 2019 %	31 December 2018 %
Pounds Sterling	(0.48)	0.16
Indian Rupee	85.54	96.53
US Dollar	14.94	3.31
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

## Notes to the Financial Statements (continued)

### for the year ended 31 December 2019

#### 16 Financial risk management – continued

##### Foreign exchange risk (continued)

	Monetary Assets	Monetary Liabilities	Net Exposure
	US\$	US\$	US\$
<b>31 December 2019</b>			
Pound Sterling	15,162	(59,284)	(44,122)
Indian Rupee	7,904,834	-	7,904,834
US Dollar	1,381,036	-	1,381,036
	<b>9,301,032</b>	<b>(59,284)</b>	<b>9,241,748</b>

	Monetary Assets	Monetary Liabilities	Net Exposure
	US\$	US\$	US\$
<b>31 December 2018</b>			
Pound Sterling	74,294	(46,912)	27,382
Indian Rupee	16,345,477	-	16,345,477
US Dollar	578,061	(17,641)	560,420
	<b>16,997,832</b>	<b>(64,553)</b>	<b>16,933,279</b>

At 31 December 2019, had the Indian Rupee strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets attributable to equity holders of the Company and the loss per the statement of comprehensive income would have increased or decreased by US\$395,242 (2018: US\$817,274).

##### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2019	31 December 2018
	US\$	US\$
Financial assets at fair value through profit or loss	7,904,834	16,345,477
Trade and other receivables	5,002	24,488
Cash and cash equivalents	1,391,196	627,867
<b>Total</b>	<b>9,301,032</b>	<b>16,997,832</b>

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Directors do not expect any counterparty to fail to meet its obligations.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**16 Financial risk management – continued**

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by maintaining sufficient cash balances to meet its obligations. The Company's liquidity position is monitored by the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

<b>31 December 2019</b>	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
<b>Financial liabilities</b>	US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables	59,284	-	-	-	-	-
	<b>59,284</b>	-	-	-	-	-
<b>31 December 2018</b>	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
<b>Financial liabilities</b>	US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables	64,553	-	-	-	-	-
	<b>64,553</b>	-	-	-	-	-

Capital commitments outstanding to private equity funds as at 31 December 2019 amounted to US\$nil (2018: US\$nil).

*Interest rate risk*

Cash held by the Company is invested at short-term market interest rates.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

<b>31 December 2019</b>	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
<b>Financial Assets</b>	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	-	-	-	-	7,904,834	7,904,834
Trade and other receivables	-	-	-	-	-	5,002	5,002
Cash and cash equivalents	1,391,196	-	-	-	-	-	1,391,196
<b>Total financial assets</b>	<b>1,391,196</b>	-	-	-	-	<b>7,909,836</b>	<b>9,301,032</b>
<b>Financial Liabilities</b>							
Trade and other payables	-	-	-	-	-	(59,284)	(59,284)
<b>Total financial liabilities</b>	-	-	-	-	-	<b>(59,284)</b>	<b>(59,284)</b>
<b>Total interest rate sensitivity gap</b>	<b>1,391,196</b>	-	-	-	-		
<b>31 December 2018</b>	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest Bearing	Total
<b>Financial Assets</b>	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	-	-	-	-	16,345,477	16,345,477
Trade and other receivables	-	-	-	-	-	24,488	24,488
Cash and cash equivalents	627,867	-	-	-	-	-	627,867
<b>Total financial assets</b>	<b>627,867</b>	-	-	-	-	<b>16,369,965</b>	<b>16,997,832</b>
<b>Financial Liabilities</b>							
Trade and other payables	-	-	-	-	-	(64,553)	(64,553)
<b>Total financial liabilities</b>	-	-	-	-	-	<b>(64,553)</b>	<b>(64,553)</b>
<b>Total interest rate sensitivity gap</b>	<b>627,867</b>	-	-	-	-		

No financial assets are subject to fair value interest rate risk. No sensitivity is provided with respect to variable interest rate movements as the effect is considered not significant.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2019

**17 Contingent liability**

The Company is currently reviewing its VAT registration with its advisors. This could potentially result in a review of the Company's rate of recovery of input VAT in prior years. Any adjustment to this rate of recovery could potentially incur penalties and interest. The Directors do not consider any adjustment will be made and have therefore made no provision in the financial statements. The amount of any potential adjustment, including penalties and interest cannot be reliably estimated.

**18 Subsequent events**

In March 2020, the Company received a distribution totalling approx. US\$1.4m from EIF. As disclosed in the Chairman's Statement, the Company made capital distributions of 1.0 cents per share and 2.0 cents per share to shareholders of the Company registered as at 17 January 2020 and 14 April 2020, respectively.

At an Extraordinary General Meeting of the Company held on 7 May 2020, a special resolution to approve the proposed cancellation of the Company's shares to trading on AIM was duly passed. Accordingly, admission of the Company's shares to trading on AIM was cancelled with effect from 18 May 2020.

Following the cancellation, N&I Singer ceased to act as nominated adviser and broker to the Company.

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this subsequent event.

The Directors are monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.