

Regulatory Story

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EIH PLC - EIH Interim Results
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EIH PLC
("EIH" or the "Company")

Interim Results

The Company announces its interim results for the six months from 1 January 2018 to 30 June 2018. A copy of this announcement will shortly be available for inspection at www.eihplc.co.uk.

Chairman's Statement

The Company made a loss of US\$3.3m for the six month period to 30 June 2018 (six month period to 30 June 2017: profit US\$0.6m), and therefore the loss per share for the six month period to 30 June 2018 was 5.08 cents (six month period to 30 June 2017: earnings per share 0.92 cents). The reason for the loss generated in the current period is mainly due to the US\$2.5m decrease in fair value of the Company's investment in Evolve India Fund PCC.

The unaudited net assets of the Company as at 30 June 2018 were valued at US\$19.9m and therefore net asset value ("NAV") per share at that date was 30.8 cents based on 64,500,002 ordinary shares in issue (31 December 2017 NAV per share: 38.4 cents).

During the period under review, on 27 April 2018, the Company made a capital distribution of 2.5 cents per share to shareholders of the Company registered as at 20 April 2018, equivalent to approximately US\$1.61m.

After the period under review, on 26 July 2018, the Company made a capital distribution of 1.5 cents per share to shareholders of the Company registered as at 20 July 2018, equivalent to approximately US\$0.97m.

The Directors are pleased to announce that the Company has entered into an agreement for the sale of its shareholding in RSB, held through EIF Co Invest VII. Should the agreement be completed, and through the unwinding of EIF Co Invest VII, the Company will receive approximately US\$4.95m (calculated on the assumption of a final US\$ conversion rate of 73 Indian Rupees (INR) to the Dollar, being the current exchange rate), which is approximately 10% below the carrying value at 31 December 2017. However, as the consideration was negotiated in INR, and the INR has declined by 13.4% since 31 December 2017, the sale consideration represents a premium to that carrying value of 4.0% on a constant currency basis.

While the NAV per share decreased by 19.8% in the period under review, after adjusting for the capital distribution of 2.5 cents per share made in April 2018, the Company's NAV decreased by 13.3% in the period. It is noted that the INR weakened by 6.8% in value against the US Dollar during the period in review.

Total operating costs during the period were US\$0.20m, or 12.8% below the comparable prior year figure. In addition, the Company paid certain annual management fees and expenses to Evolve India Fund PCC ("EIF") in respect of its commitments. These costs are embedded in the capital account of EIF and do not appear in the Company's statement of comprehensive income.

The Company's investment portfolio comprises the following (based on unaudited values as at 30 June 2018):

Table 1. Investments	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fund Investments (equity)					
Evolve India Fund PCC	45,120	45,120	(30,133)	(1,393)	13,594

Direct Investments (equity)

EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(1,987)	4,954
	52,090	52,090	(30,162)	(3,380)	18,548

Further details on the Company's investment portfolio are set out below and in Note 5 to the interim financial statements.

EIF

As at 30 June 2018 the Company had US\$15.0m invested in EIF (capital called less refund capital contributions), equivalent to 23.2 cents per share. At the reporting date the Fair Value (unaudited) of the Company's investment in EIF was US\$13.6m, equivalent to 21.1 cents per share, representing a 0.91 x multiple over cost. EIF is now fully drawn down.

In local currency terms, the S&P BSE SENSEX Indian stock market index advanced by 4.0% during the period in review. As noted above the INR weakened by 6.8% in value against the US Dollar during the period in review.

Against this backdrop EIF's underlying private equity funds underperformed such that on the basis of beginning and end period values, and adjusting for drawdowns and distributions made during the period, the fair value of EIF's underlying funds decreased by approximately 12.4% in US Dollar terms, while their value decreased by approximately 6.0% in INR terms. On the same basis of measurement, the value of EIF's direct investments decreased by approximately 13.9% in US Dollar terms, while in INR terms a decrease of approximately 7.6% was experienced.

EIF's private equity fund exposure is weighted towards funds with vintages of 2006 and later. The three funds of these vintages, EIF's three largest funds, comprise 72.3% of EIF's private equity fund weighting. The remaining six funds, with a 27.7% weighting, are all 2004 and 2005 vintages. EIF's three largest funds are Jacob Ballas India Fund III (Growth / PIPE category), JMF India Fund I (Growth category) and HI-REF International LLC (Real Estate category). The majority of EIF's nine underlying private equity funds have fully drawn down their committed capital from EIF, and EIF's remaining commitments are concentrated in one fund, HI-REF International LLC Fund. During the period under review, EIF exited one fund in the secondary market.

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.

RSB Group ("RSB")

RSB is a large automotive components group based in Pune with a multi-product portfolio comprising of propeller shafts, gears, axles, machined engine components, trailers and construction equipment parts. The Company's direct investment in RSB is held through EIF Co Invest VII. The shareholders in EIF Co Invest VII are the Company and EIF, which invested US\$7.0m and US\$10.0m respectively, for a total investment of US\$17.0m. No fees are payable on the Company's investment in EIF Co Invest VII, while the Company's indirect investment in RSB (through its interest in EIF) attracts standard management and carried interest fee arrangements.

Through the above arrangements, and on a look-through basis, the fair value of the Company's total interest in RSB is 9.9 cents per share; while the fair value of the Company's direct interest in RSB (held through EIF Co Invest VII) is 7.7 cents per share. The Fair Value of the Company's interest in RSB is based on a valuation performed by EIF's investment manager.

Table 2. Investments (Fair Values)	As per LP reports	RSB (EIF)	Pro-forma
	US\$'000	US\$'000	US\$'000
Fund Investments			
EIF (PE funds)	7,754		7,754
EIF (direct investments)	5,606	(1,421)	4,185
EIF (other)	234		234
Direct Investments			
RSB Group	4,954	1,421	6,375
	18,548	-	18,548

Table 2 extracts the Company's "look through" interest in RSB (from EIF) and adds it to the Company's direct interest in RSB (held by EIF Co Invest VII). On this basis, 34.4% of the Company's Financial Assets at Fair Value (US\$6.4m, equivalent to 9.9 cents per share), is accounted for by its interest in RSB on an underlying pro-forma basis.

Table 2 further shows that 41.8% of the Company's Financial Assets at Fair Value is accounted for by its interests in EIF's nine PE fund investments, and a further 22.6% by its interests in EIF's direct investments (excluding RSB).

Other matters

At the date of signing this report, the Company holds US\$0.85m in net cash balances, equivalent to 1.31 cents per share.

As a Board we will continue to manage operating costs carefully. Our objective remains 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.

Faithfully yours,

Rhys Davies

27 September 2018

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EIH PLC

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

		For the period from 1 January 2018 to 30 June 2018	For the period from 1 January 2017 to 30 June 2017
	Note	US\$'000	US\$'000
Income			
Interest income on cash balances		-	1
Loss on disposal of investments at fair value through profit or loss		-	(4)
Fair value movement on investments at fair value through profit or loss	5	(3,077)	824
Net investment (expenditure)/income		(3,077)	821
Expenses			
Administrative expenses		(110)	(103)
Legal and other professional fees		(70)	(100)
Audit fees		(20)	(22)
Other income/expenses		2	(2)
Total operating expenses		(198)	(227)
(Loss)/profit before taxation for the period		(3,275)	594
Income tax expense		-	-
(Loss)/profit after taxation for the period		(3,275)	594
Other comprehensive income		-	-
Total comprehensive (expenditure)/income for the period		(3,275)	594
Basic and fully diluted (loss)/earnings per share (US cents)	6	(5.08)	0.92

The accompanying notes form an integral part of these interim financial statements.

EIH PLC

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

As at 30 June 2018 As at 31 December 2017

	Note	US\$'000	US\$'000
Non-current assets			
Financial assets at fair value through profit or loss	5	18,548	24,065
Total non-current assets		18,548	24,065
Current assets			
Trade and other receivables		30	29
Cash and cash equivalents		1,419	748
Total current assets		1,449	777
Total assets		19,997	24,842
Equity			
Issued share capital		1,265	1,265
Share premium		19,822	21,435
Retained earnings		(1,201)	2,074
Total equity		19,886	24,774
Current liabilities			
Trade and other payables		111	68
Total current liabilities		111	68
Total liabilities		111	68
Total equity and liabilities		19,997	24,842

The accompanying notes form an integral part of these interim financial statements.

EIH PLC
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2017	1,265	24,982	1,667	27,914
Total comprehensive income				
Profit for the period	-	-	594	594
Transactions with owners of the company recorded directly in equity				
Return of capital	-	(2,580)	-	(2,580)
Balance at 30 June 2017	1,265	22,402	2,261	25,928
Balance at 1 January 2018	1,265	21,435	2,074	24,774
Total comprehensive income				
Loss for the period	-	-	(3,275)	(3,275)
Transactions with owners of the company recorded directly in equity				
Return of capital	-	(1,613)	-	(1,613)
Balance at 30 June 2018	1,265	19,822	(1,201)	19,886

The accompanying notes form an integral part of these interim financial statements.

EIH PLC

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS TO 30 JUNE 2018**

	Note	For the period from 1 January 2018 to 30 June 2018 US\$'000	For the period from 1 January 2017 to 30 June 2017 US\$'000
<i>Cash flows from operating activities</i>			
(Loss)/profit before taxation		(3,275)	594
<i>Adjustments:</i>			
Loss on disposal of investments at fair value through profit or loss		-	4
Fair value movement on investments at fair value through profit or loss	5	3,077	(824)
Interest income on cash balances		-	(1)
Operating loss before working capital changes		(198)	(227)
Increase in trade and other receivables		(1)	(19)
Increase in trade and other payables		43	12
Net cash used in operations		(156)	(234)
Net cash used in operating activities		(156)	(234)
<i>Cash flows from investing activities</i>			
Interest income on cash balances		-	1
Proceeds from disposal of investment		-	1,352
Capital distribution received	5	2,440	1,355
Net cash generated by investing activities		2,440	2,708
<i>Cash flows from financing activities</i>			
Return of capital		(1,613)	(2,580)
Net cash used in financing activities		(1,613)	(2,580)
Net increase/(decrease) in cash and cash equivalents		671	(106)
Cash and cash equivalents at 1 January		748	1,314
Cash and cash equivalents at 30 June		1,419	1,208

The accompanying notes form an integral part of these interim financial statements.

Notes to the Unaudited Interim Results

For the six months ended 30 June 2018

1 The Company

EIH PLC (formerly Evolve India Holdings 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. On 28 March 2011 the Company re-registered under the Isle of Man Companies Act 2006 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 the Alternative Investment Market of the London Stock Exchange ("AIM") following the close 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.

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

2 Duration

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, at the annual general meeting of the Company in 2021 a resolution will be proposed that the Company ceases to continue as presently constituted. Shareholders holding at least fifty one per cent of the shares must vote in favour of this resolution for it to be passed. If the resolution is not passed, 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.

3 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

3.1 Basis of presentation

These interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017. The interim financial statements are unaudited.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017.

IFRS9, Financial Instruments, has been applied as from its effective date of 1 January 2018. This has not resulted in any changes to the measurement, classification or presentation of financial instruments.

3.2 Investments at fair value through profit or loss

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 profit or loss.

The Company's investments at fair value through profit and loss comprise funds and co-investment vehicles, 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.

3.3 Segment reporting

The Company has one segment focusing on maximising total returns through investing in an Indian private equity portfolio of investments. No additional disclosure is included in relation to segment reporting, as the Company's activities are limited to one business and geographic segment.

4 Net asset value per share

The unaudited net asset value per share as at 30 June 2018 is 30.8 cents per share based on 64,500,002 ordinary shares in issue as at that date (31 December 2017: 38.4 cents per share based on 64,500,002 ordinary shares).

5 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 30 June 2018, the investment portfolio comprised the following assets:

Investments (Unlisted)	Capital Commitment	Capital Invested	Capital Distribution	Fair value Adjustment	Fair Value
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Fund Investments (equity)					
Evolve India Fund PCC	45,120	45,120	(30,133)	(1,393)	13,594
Direct Investments (equity)					
EIF Co Invest VII (RSB Group)	6,970	6,970	(29)	(1,987)	4,954
	52,090	52,090	(30,162)	(3,380)	18,548

The fair value of the Company's investments has been estimated by the Directors with advice from Evolve India Advisors Inc. The movement in investments during the period was as follows:

	30 June 2018 US\$'000	31 December 2017 US\$'000
Fair value brought forward	24,065	26,645
Disposal proceeds of investments at fair value	-	(1,352)
Loss on disposal of investments at fair value through profit and loss	-	(4)
Capital distributions	(2,440)	(2,078)
Movement in fair value	(3,077)	854
Fair value at period/year end	18,548	24,065

The outstanding capital commitments as at 30 June 2018 were US\$nil (31 December 2017: 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 size of EIF is US\$250m, of which approximately two-thirds have been invested in different private equity funds (including growth capital, mezzanine and real estate funds) with significant focus on India, and the balance has been invested

in co-investment opportunities, primarily in Indian companies or companies with significant operations in India. The fund investments of EIF are Baring India Private Equity Fund II, IDFC Private Equity Fund II, India Value Fund II (Formerly GW Capital), 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 30 June 2018 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 30 June 2018. The investment portfolio comprises investments in private equity funds, where fair value is based on reported net asset values, and co-investments in private companies where fair values are based on valuation techniques.

EIF Co Invest VII

The Company has invested US\$7m in RSB Group through a Special Purpose Vehicle (SPV), EIF Co Invest VII. RSB Group is a leading manufacturer of automotive components and construction aggregates. The fair value of the investment in Co Invest VII is based on the Company's share of the net assets of Co Invest VII at 30 June 2018 per its financial results as reported by the underlying fund administrator. The financial statements of EIF Co Invest VII are prepared under IFRS, with all investments stated at fair value.

The Company has entered into an agreement for the sale of its shareholding in RSB, held through EIF Co Invest VII. Should the agreement be completed, and through the unwinding of EIF Co Invest VII, the Company will receive approximately US\$4.95m (calculated on the assumption of a final US\$ conversion rate of 73 Indian Rupees (INR) to the Dollar, being the current exchange rate), which is approximately 10% below the carrying value at 31 December 2017. However, as the consideration was negotiated in INR, and the INR has declined by 13.4% since 13 December 2017, the sale consideration represents a premium to that carrying value of 4.0% on a constant currency basis.

EIF Co Invest X

The Company held its interest in Gland Pharma Limited through an SPV, EIF Co Invest X. EIF Co Invest X sold its interest in Gland Pharma Limited during the year ended 31 December 2014, but retained an amount of the sale proceeds to address any possible contingencies. The Company received its final distribution of US\$1.4m in respect of this interest on 24 January 2017.

6 (Loss)/earnings per share

Basic and fully diluted (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	30 June 2018	30 June 2017
	'000	'000
(Loss)/profit attributable to equity holders of the Company (US\$)	(3,275)	594
Weighted average number of ordinary shares in issue	64,500	64,500
Basic (loss)/earnings per share (cents per share)	(5.08)	0.92

There are no dilutive potential ordinary shares in issue, therefore there is no difference between the basic and fully diluted (loss)/earnings per share for the period.

7 Subsequent events

As disclosed in the Chairman's Statement, on 26 July 2018, the Company made a capital distribution of 1.5 cents per share to shareholders of the Company registered as at 20 July 2018, equivalent to approximately US\$0.97m.

In August 2018, the Company received a distribution from EIF of US\$0.5m.

As disclosed in note 5, the Company has entered into an agreement for the sale of its shareholding in RSB, held through EIF Co Invest VII.

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