

EIH plc

Annual Report

For the year ended 31 December 2013

EIH plc

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EIH plc

Management and Administration

Directors	Mr Rhys Cathan Davies Mr Brett Lance Miller (resigned 7 October 2013) Mr Ramanan Raghavendran * Mr Paul Mark Garnett (appointed 7 October 2013) *Independent
Company Secretary and Registered Office	Andrew Baker Fort Anne Douglas Isle of Man, IM1 5PD
Administrator	Cains Fiduciaries Limited Fort Anne Douglas Isle of Man, IM1 5PD
Nominated Adviser and Broker	Nplus1 Singer Advisory LLP (formerly Singer Capital Markets Limited) One Bartholomew Lane London EC2N 2AX
English Legal Advisers to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Isle of Man Legal Advisers to the Company	Cains Advocates Limited Fort Anne Douglas Isle of Man, IM1 5PD
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN

Chairman's Statement

At 31 December 2013, the net asset value of EIH plc ("the Company") was US\$0.747 per share as compared with US\$0.727 per share a year earlier, representing an increase of 2.8%. Based on the weighted average number of ordinary shares, the earnings per share for the year was US\$0.0405 (2012: loss per share US\$0.0373).

It is noted that during the year in review the Company distributed 2 cents per share, equivalent to approximately US\$1.29m, to shareholders.

During the year in review, the Company received distributions of US\$1.4m from the Evolvence India Fund PCC ("EIF").

Total operating costs during the year were US\$0.49m and this represents a decline of 3% on the prior year. This figure represents approximately 1% of the Company's Financial Assets at fair value. 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):

Table 1. Investments	Capital Commitment	Capital invested	Capital Distribution	Fair value adjustment	Fair Value
	US\$	US\$	US\$	US\$	US\$
<i>Fund Investments (equity)</i>					
Evolvence India Fund PCC	45,120,000	44,601,127	(15,950,401)	(772,040)	27,878,686
<i>Direct Investments (equity)</i>					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	(29,235)	49,955	6,990,320
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	8,461,536	12,971,536
	56,599,600	56,080,727	(15,979,636)	7,739,451	47,840,542

Evolvence India Fund PCC ("EIF")

At the year end the Company had US\$28.7m invested in EIF (capital called less refund capital contributions), equivalent to 44.4 cents per share. At the reporting date the fair value of the Company's investment in EIF was US\$27.9m, equivalent to 43.2 cents per share, representing a 0.97 times multiple over cost.

EIF has now technically drawn down 98.85% of its committed capital, with 1.15% remaining undrawn. However, EIF's managers have informed us that this unfunded commitment will likely continue to be adjusted against future distributions, such that no further cash calls are likely to be made by EIF.

In local currency terms the BSE SENSEX Indian stock market indices advanced by 9.0% during the year in review while the BSE MIDCAP index declined by 5.7% in local currency in the same period. It is also noted that the Indian Rupee ("INR") declined by 13% in value against the US Dollar during the year in review.

Against this backdrop EIF's underlying private equity funds performed reasonably well, although exit activity was muted. On the basis of beginning and end period fair values, and adjusting for drawdowns and distributions made during the period, the fair value of EIF's underlying funds declined by approximately 7.4% in US Dollar terms, while in INR terms this increase was approximately 4.5%. On the same basis of measurement, EIF's direct investments moderately outperformed its underlying funds although there was a wide dispersion of performance; in aggregate their value increased by approximately 6.2% in US Dollar terms, while in INR terms this increase was approximately 20%.

Both EIF's underlying funds and its direct investments hold exposure to listed equities and EIF's overall weighting was approximately 11% at the year end, concentrated in the underlying funds.

Chairman's Statement (continued)

EIF's sector exposure is weighted towards Infrastructure (ca. 29%) and Real Estate (ca. 27%). Investments in the Infrastructure sector, and to a lesser extent in Real Estate, tend to be structured in such a way as to afford mid-to-high teens expected returns. EIF's next highest sector weightings are to Healthcare and Pharmaceuticals (ca. 6%), Manufacturing (ca. 15%), and Information Technology (ca. 7%). EIF's investments in these sectors may be broadly understood as classic "growth capital" investments where expected returns are largely a function of the underlying growth in investee cash flow and profitability, and to a lesser extent by exit multiples.

A "look through" analysis of the financial performance of the portfolio companies held in EIF's private equity funds for the 9 month period ending on 31 December 2013 provides an insight into the aggregate portfolio performance (Real Estate companies were excluded and data was unavailable for certain other companies). This "look through" analysis shows that approximately one fifth of the portfolio by value generated revenue growth of over 20%, while half generated positive revenue growth of below 20%, and a further fifth suffered negative revenue growth (data was unavailable for the remainder of the portfolio). Furthermore, approximately one third of the portfolio by value generated EBITDA growth of over 20%, while another fifth generated positive EBITDA growth of below 20%, and a further third suffered negative revenue growth (data was unavailable for the remainder of the portfolio).

The majority of EIF's ten underlying private equity funds have fully drawn down their committed capital from EIF, and EIF's remaining commitments are concentrated in NYLIM Jacob Ballas India Fund III. During the year in review, EIF received net distributions from most of its mature funds while its drawdowns were limited.

At the period end the fair value of the Company's interest in EIF's ten underlying private equity funds was US\$13.5m, equivalent to 20.9 cents per share, while EIF's direct investments had a fair value of US\$13.7m, equivalent to 21.3 cents per share (see Table 2, below).

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 realizations are achieved, further cash distributions will be received by the Company.

From the period end until 30 May 2014, the BSE SENSEX advanced by 14.4%, while the BSE MIDCAP advanced by 26.3%, both in INR terms. It is also noted that in the same period the INR strengthened by 4.8% against the US Dollar.

Gland Pharma Limited ("Gland")

On 27 November 2013, the Company announced that its investee company, EILSF Co-Invest I, had entered into an agreement with KKR Floorline Investments Pte. Ltd, an affiliate of Kohlberg Kravis Roberts & Co L.P, for the sale of its shareholding in Gland. Having now received all the necessary clearances, this transaction is expected to close very shortly with cleared funds to be received shortly thereafter.

Through the unwinding of the co-investment structures through which the Gland interest is held, and certain retentions made at the EILSF Co-Invest I level, the costs of obtaining certain insurances against indemnity and transaction costs, the Company currently expects to receive approximately US\$19.5m, representing 2.85 times multiple over cost. The exact costs and retentions relating to the disposal of Gland are expected to be finalised shortly.

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 Company has a total of US\$8.8m invested in RSB (at cost) compared to the US\$7.0m invested in RSB through EIF Co Invest VII.

Chairman's Statement (continued)

Through the above arrangements, and on a look-through basis, the fair value of Company's total interest in RSB is 13.6 cents per share; while the fair value of the Company's direct interest in RSB (held through EIF Co Invest VII) is 10.8 cents per share. These values represent a 1.0 times multiple over cost. The Directors have reviewed certain underlying financial information pertaining to RSB and the valuation basis employed in the fair valuation calculation thereof which is based on the trading multiples of RSB's comparable group and the application of a liquidity discount thereto.

Table 2. Investments (Fair Values)	As per LP reports	RSB (EIF)	Gland (EIF)	Pro-forma
	US\$	US\$	US\$	US\$
<i>Fund Investments</i>				
EIF (PE funds)	13,459,856			13,459,856
EIF (direct investments)	13,718,234	(1,799,617)	(6,502,471)	5,416,146
EIF (other)	700,596			700,596
<i>Direct Investments</i>				
RSB Group	6,990,320	1,799,617		8,789,937
Gland Pharma Limited	12,971,536		6,502,471	19,474,007
	47,840,542	-	-	47,840,542

Table 2 extracts the Company's "look through" interests in the Gland and RSB (from EIF) and adds them to the Company's direct interests in Gland and RSB (held by EIF Co Invest X and EIF Co Invest VII respectively). On this basis, 59.1% of the Company's Financial Assets at Fair Value (US\$28.3m, equivalent to 43.8 cents per share), is accounted for by its interests in Gland and RSB on an underlying pro-forma basis.

Table 2 further shows that 28.1% of the Company's Financial Assets at Fair Value is accounted for by its interests in EIF's ten PE fund investments, and a further 11.3% by its interests in EIF's direct investments (excluding Gland and RSB).

Other matters

At the date of signing this report the Company holds US\$0.70m in net cash balances, equivalent to 1.09 cents per share.

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

Respectfully yours,

Rhys Cathan Davies
Chairman
2 June 2014

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 2013.

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.

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.

The Company re-registered under the Isle of Man Companies Act 2006 on 28 March 2011.

Audited Valuation as at 31 December 2013

* NAV	US\$48.2 million (2012: US\$46.9 million)
* NAV per share	US\$0.747 (2012: US\$0.727)

The Company announces its audited NAV of US\$0.747 per share as at 31 December 2013. The NAV per share of US\$0.747 as at 31 December 2013 represents a decrease of 3.7% from the NAV per share of US\$0.776 as at 30 June 2013.

During the year the Company distributed 2 cents per share to shareholders, equivalent to approximately US\$1.29m.

The Directors recommend that no dividend be declared in respect of the year ended 31 December 2013 (2012: US\$ Nil).

Directors

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

Mr Rhys Cathan Davies (Chairman)	
Mr Brett Lance Miller	(resigned 7 October 2013)
Mr Ramanan Raghavendran	
Mr Paul Mark Garnett	(appointed 7 October 2013)

Directors' and Other Interests

Mr Rhys Davies and Mr Brett Miller were Directors of Damille Investments Limited which held 12,200,000 ordinary shares, representing 18.91% of the issued share capital of the Company at 31 December 2012. Damille Investments Limited disposed of this holding on 13 March 2013.

Mr Paul Garnett is a Director of Ironsides Partners LLC which holds 12,200,000 ordinary shares, representing 18.91% of the issued share capital, of the Company at 31 December 2013.

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.

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
2 June 2014

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the EU.

The financial statements are required by law to 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 they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper 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. They 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 governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The Directors have resolved to prepare the financial statements for each financial year.

On behalf of the Board

Rhys Cathan Davies
Chairman
2 June 2014

Report of the Independent Auditors, KPMG Audit LLC, to the members of EIH plc

We have audited the financial statements of EIH plc for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the Company's members, as a body. 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRSs, as adopted by the EU.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

2 June 2014

EIH plc

Statement of Comprehensive Income for the year ended 31 December 2013

	Note	31 December 2013 US\$	31 December 2012 US\$
Income			
Fair value movement on investments at fair value through profit or loss	7	3,103,407	(1,905,167)
Other (expenditure) / income		(5,280)	1,271
Net investment income / (expense)		3,098,127	(1,903,896)
Expenses			
Administrative expenses	9.2	(284,645)	(291,388)
Legal and other professional fees		(158,146)	(168,861)
Audit fees		(44,471)	(41,557)
Total operating expenses		(487,262)	(501,806)
Profit / (loss) before tax		2,610,865	(2,405,702)
Income tax expense	16	-	-
Profit / (loss) for the year		2,610,865	(2,405,702)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		2,610,865	(2,405,702)
Basic and fully diluted earnings / (loss) per share (cents)	14	4.05	(3.73)

The Directors consider that all results derive from continuing activities.

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2013

	Note	31 December 2013 US\$	31 December 2012 US\$
Non-current assets			
Financial assets at fair value through profit or loss	7	47,840,542	46,092,644
Total non-current assets		47,840,542	46,092,644
Current assets			
Trade and other receivables	11	65,651	17,595
Cash and cash equivalents	10	401,870	840,417
Total current assets		467,521	858,012
Total assets		48,308,063	46,950,656
Equity			
Issued share capital	13	1,264,706	1,264,706
Share premium		43,364,924	44,654,924
Retained earnings		3,577,779	966,914
Total equity		48,207,409	46,886,544
Liabilities			
Trade and other payables	12	100,654	64,112
Total current liabilities		100,654	64,112
Total liabilities		100,654	64,112
Total equity and liabilities		48,308,063	46,950,656

The financial statements were approved by the Board of Directors on 2 June 2014 and signed on their behalf by:

Rhys Davies
Director

Paul Garnett
Director

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.

EIH plc

Statement of Changes in Equity for the year ended 31 December 2013

	Share Capital US\$	Share Premium US\$	Retained Earnings US\$	Total US\$
Balance at 1 January 2012	1,264,706	46,589,924	3,372,616	51,227,246
Total comprehensive income				
Loss for the year	-	-	(2,405,702)	(2,405,702)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,405,702)	(2,405,702)
Transactions with shareholders				
Share buy-backs	-	-	-	-
Return of capital to shareholders	-	(1,935,000)	-	(1,935,000)
Total transactions with shareholders	-	(1,935,000)	-	(1,935,000)
Balance at 31 December 2012	1,264,706	44,654,924	966,914	46,886,544
Balance at 1 January 2013	1,264,706	44,654,924	966,914	46,886,544
Total comprehensive income				
Profit for the year	-	-	2,610,865	2,610,865
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,610,865	2,610,865
Transactions with shareholders				
Share buy-backs	-	-	-	-
Return of capital to shareholders	-	(1,290,000)	-	(1,290,000)
Total transactions with shareholders	-	(1,290,000)	-	(1,290,000)
Balance at 31 December 2013	1,264,706	43,364,924	3,577,779	48,207,409

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2013

	Note	31 December 2013 US\$	31 December 2012 US\$
Cash flows from operating activities			
Profit / (loss) before tax		2,610,865	(2,405,702)
<i>Adjustments:</i>			
Fair value movement on investments at fair value through profit or loss	7	(3,103,407)	1,905,167
Operating loss before working capital changes		(492,542)	(500,535)
(Increase) / decrease in trade and other receivables		(48,056)	24,490
Increase / (decrease) in trade and other payables		36,542	(6,362)
Net cash used by operating activities		(504,056)	(482,407)
Cash flows from investing activities			
Capital calls	7	-	(3,021,555)
Capital distribution received	7	1,355,509	1,626,896
Net cash generated from / (used by) investing activities		1,355,509	(1,394,659)
Cash flows from financing activities			
Return of capital to shareholders		(1,290,000)	(1,935,000)
Net cash used by financing activities		(1,290,000)	(1,935,000)
Net decrease in cash and cash equivalents		(438,547)	(3,812,066)
Cash and cash equivalents at beginning of the year		840,417	4,652,483
Cash and cash equivalents at end of year	10	401,870	840,417

The accompanying notes on pages 12 to 22 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2013

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.

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 2012 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"), and interpretations as adopted by the European Union ("EU").

The financial statements were authorised for issue by the Board of Directors on 2 June 2014.

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, as adopted by the EU, 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 IFRSs 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 2013

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for changes resulting from the adoption of IFRS 13 – see note 3.1.

3.1 Investments at fair value through profit or loss

IFRS 13 has been adopted from 1 January 2013. It 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. IFRS 13 requires prospective application from 1 January 2013. The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

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 fair value of investments at fair value through profit or loss in unlisted equity investments is estimated by the Directors, with input from Evolvence India Advisors Inc. In estimating the fair value of the Company's investments in private equity funds consideration is taken of the valuations of underlying investments performed by the directors and managers of those funds. The valuation of the unlisted holdings in the co-investments and underlying funds are performed by using the most appropriate valuation techniques, including the use of recent arms' length market transactions, use of market comparables, use of discounted cash flows or any other valuation technique that provides a reliable estimate. Under the discounted cash flow method, free cash flows have been discounted using an appropriate weighted cost of capital.

Listed holdings in the co-investments and underlying funds are valued based upon prevailing market prices as of the date of valuation. The exited investments have been valued using the respective exited multiples.

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 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.6 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.

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

3.7 Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	EU Effective date (accounting periods commencing on or after)
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	EU effective date 1 January 2014
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	EU effective date 1 January 2014
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	EU effective date 1 January 2014
IFRS 9 Financial Instruments – Classification and measurement of financial assets (as amended in December 2011)	Not yet endorsed IASB effective date to be advised
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition (as amended in December 2011)	Not yet endorsed IASB effective date to be advised
IFRS 10 Consolidated Financial Statements (May 2011)	EU effective date 1 January 2014
IFRS 11 Joint Arrangements (May 2011)	EU effective date 1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (May 2011)	EU effective date 1 January 2014

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Company's financial statements in the period of initial application. However, IFRS 9 Financial Instruments will change classification of financial assets.

IFRS 9 deals with the classification and measurement of financial assets and its requirements represent a significant change from the existing IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value.

A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which the entity does not expect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

4 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 17).

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. See also "Valuation of financial instruments" below.

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 7 fair value hierarchy that reflects the significant of 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. For all financial instruments, the Company determines fair values using valuation techniques as described in accounting policy note 3.1 and note 7 "Financial assets at fair value through profit or loss".

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:

	Level 1 US\$	Level 2 US\$	Level 3 US\$
Financial assets at fair value through profit or loss (note 7)			
Evolve India Fund PCC	-	-	27,878,686
EIF Co Invest VII (RSB Group)	-	-	6,990,320
EIF Co Invest X (Gland Pharma Limited)	-	-	12,971,536
	<u>-</u>	<u>-</u>	<u>47,840,542</u>

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 2013 is US\$0.747 per share based on 64,500,002 ordinary shares in issue as at that date (2012: US\$0.727 per share based on 64,500,002 ordinary shares).

6 Dividends

The Directors do not propose to declare a dividend for the year ended 31 December 2013 (2012: US\$Nil).

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

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 2013, 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	44,601,127	(15,950,401)	(772,040)	27,878,686
<i>Direct Investments (equity)</i>					
EIF Co Invest VII (RSB Group)	6,969,600	6,969,600	(29,235)	49,955	6,990,320
EIF Co Invest X (Gland Pharma Limited)	4,510,000	4,510,000	-	8,461,536	12,971,536
	56,599,600	56,080,727	(15,979,636)	7,739,451	47,840,542

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 in the year was as follows:

	31 December 2013	31 December 2012
	US\$	US\$
Fair value brought forward	46,092,644	46,603,152
Capital calls	-	3,021,555
Capital distributions	(1,355,509)	(1,626,896)
Movement in fair value	3,103,407	(1,905,167)
Fair value at year end	47,840,542	46,092,644

The outstanding capital commitments as at 31 December 2013 were US\$518,873 (2012: US\$518,873).

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\$250 million, 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 include 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, NYLIM Jacob Ballas India Fund III and IDFC Private Equity 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 2013 per its financial statements. 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 2013. 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

EIH has invested US\$6,969,600 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 31 December 2013 per its financial statements. The financial statements of EIF Co Invest VII are prepared under IFRS, with all investments stated at fair value. The underlying valuation of RSB Group, which is unlisted, is based on the trading multiples of RSB's comparable group and the application of a liquidity discount thereto.

Notes to the Financial Statements (continued) for the year ended 31 December 2013

7 Financial assets at fair value through profit or loss - continued

EIF Co Invest X

ElH has invested US\$4,510,000 in Gland Pharma Limited through an SPV, EIF Co Invest X. Gland Pharma Limited is a Hyderabad based pharmaceutical company. The fair value of the investment in Co Invest X is based on the Company's share of the net assets of Co Invest X at 31 December 2013 per its financial statements. The financial statements of EIF Co Invest X are prepared under IFRS, with all investments stated at fair value. The underlying valuation of Gland Pharma, which is unlisted, is based on the agreement between EILSF Co-Invest I (a subsidiary undertaking of Co Invest X) and KKR Floorline Investments Pte. Ltd, an affiliate of Kohlberg Roberts & Co. L.P, for the sale of EILSF Co-Invest I's shareholding in Gland Pharma Limited.

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.

Mr Rhys Davies and Mr Brett Miller (resigned 7 October 2013) were Directors of Damille Investments Limited which held 12,200,000 ordinary shares, representing 18.91% of the issued share capital of the Company at 31 December 2012. Damille Investments Limited disposed of this holding on 13 March 2013.

Mr Paul Garnett is a Director of Ironsides Partners LLC which holds 12,200,000 ordinary shares, representing 18.91% of the issued share capital, of the Company at 31 December 2013.

Save as disclosed above, 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.

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 (formerly Singer Capital Markets Limited) was entitled to receive an annual fee of £45,000 in addition to reasonable costs and expenses incurred in carrying out its obligations under the nominated adviser agreement. This annual fee was reduced to £30,000 effective 1 July 2013.

Advisory fees paid to the Nominated Adviser for the year amounted to US\$58,362 (2012: US\$71,029).

9.2 Administrator's and Registrar's fees

By a deed dated 28 December 2006 between the Company and Cains Fiduciaries Limited (CFL), CFL agreed to provide general secretarial services to the Company for which it receives a fixed annual charge of £15,000; fees incurred on a time spent basis in accordance with the charging rates of CFL in force from time to time; and all disbursements and expenses incurred by CFL in connection with the provision by it of services to the Company. The fees are subject to Value Added Tax (VAT).

The Company and Cains Fiduciaries Limited 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.

Cains Fiduciaries Limited 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 £5,195 plus a fee for each holding and transfer registered.

Administration fees for the year amounted to US\$28,873 (2012: US\$26,469) of which US\$2,615 was outstanding at 31 December 2013 (2012: US\$1,327).

CREST fees were US\$16,589 (2012:US\$16,462) of which US\$3,927 was outstanding at 31 December 2013 (2012: US\$3,668).

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

9.3 Consultancy fees

Mr Brett Miller resigned as a director of EIH Plc on 7 October 2013. From that date he has been retained by the Company as a consultant. Consultancy fees are paid at the same rate as directors fees and expenses. Consultancy fees payable for the year ended 31 December 2013 amounted to US\$17,427 (2012: US\$nil).

10 Cash and cash equivalents

	31 December 2013 US\$	31 December 2012 US\$
Bank balances	401,870	840,717
Cash and cash equivalents	401,870	840,717

11 Trade and other receivables

	31 December 2013 US\$	31 December 2012 US\$
Prepaid expenses	12,834	13,884
VAT receivable	52,817	3,711
Total	65,651	17,595

12 Trade and other payables

	31 December 2013 US\$	31 December 2012 US\$
Other creditors	53,244	5,260
Accruals	47,410	58,852
Total	100,654	64,112

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	-	-
In issue at 31 December 2013	64,500,002	1,264,706

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 29 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."

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

13 Issued share capital (continued)

Capital management (continued)

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

14 Earnings per share

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

	2013	2012
Profit/(loss) attributable to equity holders of the Company (US\$)	2,610,865	(2,405,702)
Weighted average number of ordinary shares in issue	64,500,002	64,500,002
Basic earnings / (loss) per share (cents per share)	4.05	(3.73)

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

15 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. Total fees and expenses paid to the Directors for the year amounted to US\$199,681 (year ended 31 December 2012: US\$213,189) and insurance expenses totalled US\$18,067 (year ended 31 December 2012: US\$25,925).

Director	31 December 2013 US\$	31 December 2012 US\$
Rhys Cathan Davies	72,395	71,687
Brett Lance Miller (resigned 7 October 2013)	54,968	71,687
Ramanan Raghavendran	72,318	69,815
Paul Mark Garnett (appointed 7 October 2013)	-	-
Total	199,681	213,189

The fees for Rhys Davies and Brett Miller (resigned 7 October 2013) for January 2014 and February 2014 were paid to Damille Investments Limited, a related party as detailed in note 8.

Paul Mark Garnett was appointed a director of EIH Plc on 7 October 2013. There are no directors fees payable to Paul Mark Garnett for the year ended 31 December 2013.

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

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

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

17 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 direct investments in a wide range of industry sectors in India. 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 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 2013 %	31 December 2012 %
Pounds Sterling	0.14	0.25
Indian Rupee	99.24	98.31
US Dollar	0.62	1.44
Total	100.00	100.00

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:

	Monetary Assets US\$	Monetary Liabilities US\$	Net Exposure US\$
31 December 2013			
Pound Sterling	169,802	(100,654)	69,148
Indian Rupee	47,840,542	-	47,840,542
US Dollar	297,719	-	297,719
	48,308,063	(100,654)	48,207,409

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

17 Financial risk management – continued

	Monetary Assets	Monetary Liabilities	Net Exposure
	US\$	US\$	US\$
31 December 2012			
Pound Sterling	179,438	(64,112)	115,326
Indian Rupee	46,092,644	-	46,092,644
US Dollar	678,574	-	678,574
	46,950,656	(64,112)	46,886,544

At 31 December 2013, 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 profit per the statement of comprehensive income would have increased or decreased by US\$2,392,027 (2012: US\$2,304,632).

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 2013 US\$	31 December 2012 US\$
Financial assets at fair value through profit or loss	47,840,542	46,092,644
Trade and other receivables	65,651	17,595
Cash and cash equivalents	401,870	840,417
Total	48,308,063	46,950,656

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.

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:

31 December 2013	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
Financial liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables	100,654	-	-	-	-	-
	100,654	-	-	-	-	-
31 December 2012	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	No stated maturity
Financial liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables	64,112	-	-	-	-	-
	64,112	-	-	-	-	-

Capital commitments outstanding to private equity funds as at 31 December 2013 amounted to US\$518,873 (2012: US\$518,873). These are payable when called by the respective funds.

Notes to the Financial Statements (continued)
for the year ended 31 December 2013

17 Financial risk management – continued

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:

31 December 2013	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
Financial Assets	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	-	-	-	-	47,840,542	47,840,542
Trade and other receivables	-	-	-	-	-	65,651	65,651
Cash and cash equivalents	401,870	-	-	-	-	-	401,870
Total financial assets	401,870	-	-	-	-	47,906,193	48,308,063
Financial Liabilities							
Trade and other payables	-	-	-	-	-	(100,654)	(100,654)
Total financial liabilities	-	-	-	-	-	(100,654)	(100,654)
Total interest rate sensitivity gap	401,870	-	-	-	-		

31 December 2012	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
Financial Assets	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	-	-	-	-	46,092,644	46,092,644
Trade and other receivables	-	-	-	-	-	17,595	17,595
Cash and cash equivalents	840,417	-	-	-	-	-	840,417
Total financial assets	840,417	-	-	-	-	46,110,239	46,950,656
Financial Liabilities							
Trade and other payables	-	-	-	-	-	(64,112)	(64,112)
Total financial liabilities	-	-	-	-	-	(64,112)	(64,112)
Total interest rate sensitivity gap	840,417	-	-	-	-		

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.

18 Subsequent events

In March 2014 the Company received a further distribution of US\$0.5m from EIF.