

Havell's Netherlands B.V.
Amsterdam

Annual report and accounts
for the year 2013

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Report of the management

Management herewith presents to the shareholder the annual accounts of Havell's Netherlands B.V. (hereinafter "the Company") for the year 2013.

General

The Company is a private company with limited liability incorporated under the laws of The Netherlands and acts as an intermediate holding and finance company. The ultimate holding company is Havell's India Limited, India.

Overview of activities

During the year the Company issued 140,000 additional shares with a nominal value of Eur 100 each. These shares were issued to its shareholder, Havells Netherlands Holding B.V. The paid up share capital of the Company therefore increased by Eur 14,000,000. The Company also issued a loan to Havells Sylvania France S.A.S. in the amount of Eur 12,015,210.

The Company did not start up any other activity during the financial year under review.

Results

The net asset value of the Company as at 31 December 2013 amounts to EUR 62,063,924 (2012: EUR 49,669,520). The result for the year 2013 amounts to a loss of EUR 1,605,596 (2012: 608,192 profit).

Capital resources

Shareholder's equity has increased with additional issued shares less the loss of the financial year. Liquidity and capital are considered sufficient in view of the nature of the Company's business.

Financial instruments

The Company seeks to limit the interest risk exposure on the long term loans through the use of derivative financial instruments, which allow it to hedge cash flows by swapping floating rates to fixed rates.

Staff numbers and employment costs


The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor in the previous year.

Future outlook


Management is of the opinion that the present level of activities will be maintained during the next financial year.

Amsterdam, 27 March 2014


Mr. Anil Rai Gupta


Mr. Armandus Martijn Lustig
appointed 03/02/2014


Mr. Gunther Axel Reinder Warris
appointed 03/02/2014


Mr. Sushil Singhal

Balance sheet as at 31 December 2013

(Before the proposed appropriation of the result and expressed in euros)

	Notes	2013	2012
Fixed assets			
Financial fixed assets			
Interests in group entities	1	47,712,634	47,712,634
Loans to group entities	2	101,528,849	94,243,835
<i>Total fixed assets</i>		<u>149,241,483</u>	<u>141,956,469</u>
Current assets			
Debtors			
VAT	3	117	803
<i>Total current assets</i>		<u>117</u>	<u>803</u>
Current liabilities (due within one year)			
Amounts due to group entities	4	86,827,104	91,602,443
Other current liabilities	5	3,646	2,540
Accruals and deferred income	6	346,927	682,769
<i>Total current liabilities</i>		<u>87,177,676</u>	<u>92,287,752</u>
Current assets less current liabilities		<u>(87,177,559)</u>	<u>(92,286,949)</u>
Total assets less current liabilities		62,063,924	49,669,520
Net asset value		<u>62,063,924</u>	<u>49,669,520</u>
Capital and reserves			
Paid up and called up share capital	7	135,020,000	121,020,000
Other reserves		(71,350,480)	(71,958,662)
Unappropriated results		(1,605,596)	608,182
<i>Total shareholder's equity</i>		<u>62,063,924</u>	<u>49,669,520</u>

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

Profit and loss account for the year 2013

	Notes	2013	2012
(Expressed in euros)			
Holding activities			
Return on investment	8	359,126	3,783,776
<i>Result holding activities</i>		<u>359,126</u>	<u>3,783,776</u>
Financing activities			
Interest on loans to group entities	9	1,870,439	4,417,367
Interest on loans from group entities	10	(2,827,991)	(1,923,299)
Interest	11	(3,215)	(3,572,185)
<i>Result financing activities</i>		<u>(960,768)</u>	<u>(1,078,117)</u>
Other financial income and expenses			
Currency exchange rate differences	12	(707,657)	(373,163)
<i>Total other financial income and expenses</i>		<u>(707,657)</u>	<u>(373,163)</u>
Other income and expenses			
General and administrative expenses	13	(296,297)	(464,744)
Depreciation finance cost	14	-	(790,654)
Extraordinary loss	15	-	(468,916)
<i>Total other income and expenses</i>		<u>(296,297)</u>	<u>(1,724,314)</u>
Result before taxation		<u>(1,605,596)</u>	<u>608,182</u>
Result after taxation		<u><u>(1,605,596)</u></u>	<u><u>608,182</u></u>

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

Notes to the annual accounts for the year ended 31 December 2013

General

The Company was incorporated as a private company with limited liability under the laws of The Netherlands on 22 February 2007 and has its statutory seat in Amsterdam. The direct shareholder is Havell's Netherlands Holding B.V. and the ultimate holding company is Havell's India Limited, India. The principal activity of the Company is to act as a holding and finance company and its place of business is at Prins Bernhardplein 200, 1097 JB Amsterdam.

Basis of presentation

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and in conformity with provisions governing financial statements as contained in Part 9, Book 2 of the Dutch Civil Code, the most significant of which are as follows:

a. Financial fixed assets

Investments in subsidiaries are stated at last years value. Due to the expected positive cashflows from the operation in the future this was seen as a "fairvalue" for the worth of the investment.

b. Foreign currencies

Other assets and liabilities in foreign currencies are translated into euros at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into euros at the exchange rate in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the annual accounts are:

	31.12.2013	31.12.2012
1 EUR = USD (US dollar)	1.3815	1.3221
1 EUR = GBP (Pound sterling)	0.8359	0.8184

c. Assets and liabilities

All other assets and liabilities are shown at face value, unless stated otherwise in the notes.

d. Consolidation

In conformity with article 408, Book 2 of the Dutch Civil Code, the Company does not prepare consolidated annual accounts. The annual accounts of the Company and its subsidiaries are included in the consolidated accounts of the ultimate holding company, which are filed with the Chamber of Commerce in Amsterdam.

e. Recognition of income

Other income and expenses, including taxation, are recognised and reported on accrual basis.

f. Corporate income tax

Provisions for taxation have been made in accordance with Dutch corporate income tax law. The company belongs to the fiscal unity of Havells Netherlands Holding bv.

			2013	2012
			EUR	EUR
Balance sheet				
1 Interests in group entities		Owned		
<u>Name</u>	<u>Domicile</u>			
SLI Europe B.V.	Amsterdam, NL	100% (2012 100%)	46,917,332	46,917,332
HS Costa Rica	Costa Rica	100% (2012 100%)	795,302	795,302
			<u>47,712,634</u>	<u>47,712,634</u>

The investments in subsidiaries are stated against historic values plus any movements in the period. Due to expected positive cashflows from the operation in the future this was seen as a "fair value" for the worth of the investment and therefore no impairment is required.

Movements in the interests in group entities have been as follows:

Balance as per 1 January	47,712,634
Additions	-
Disposals	-
Balance as per 31 December	<u>47,712,634</u>

2 Loans to group entities

Havells Sylvania Brasil Iluminacao Ltda	USD	2,438,670	1,765,234	1,765,837
Havells Sylvania Indonesia	USD	1,162,913	841,776	836,428
Havells USA Inc	USD	18,392,623	13,313,517	12,778,588
Flowil International Lighting (Holding) B.V.			67,294,515	72,627,509
SLI Europe B.V.			6,298,597	6,235,473
Havells Sylvania France S.A.S			12,015,210	-
			<u>101,528,849</u>	<u>94,243,835</u>

The loan to Havells Sylvania Brasil Iluminacao Ltda has not been secured, has no maturity date and attracts 4.4011% interest per annum.

Balance as per 1 January	1,765,837
Increase/(decrease)	78,309
Currency exchange rate differences	(78,913)
Balance as per 31 December	<u>1,765,234</u>

The loan to Havells Sylvania Indonesia has not been secured, has no maturity date and attracts 4.4811% interest per annum.

Balance as per 1 January	836,428
Increase/(decrease)	34,216
Currency exchange rate differences	(28,868)
Balance as per 31 December	<u>841,776</u>

The loan to Havells USA Inc. has not been secured, has no maturity date and attracts 4.6378% interest per annum.

Balance as per 1 January	12,778,588
Increase/(decrease)	1,142,374
Currency exchange rate differences	(607,445)
Balance as per 31 December	<u>13,313,517</u>

The loan to Flowil International Lighting (Holding) B.V. has not been secured, has no maturity date and bears no interest.

Balance as per 1 January	72,627,509
Increase/(decrease)	(5,332,994)
Currency exchange rate differences	-
Balance as per 31 December	<u>67,294,515</u>

The loan to SLI Europe B.V. has not been secured, has no maturity date and bears no interest.

Balance as per 1 January	6,235,473
Increase/(decrease)	63,124
Currency exchange rate differences	-
Balance as per 31 December	<u>6,298,597</u>

	2013	2012
	EUR	EUR
3 VAT		
VAT receivable	117	803
	<u>117</u>	<u>803</u>
4 Amounts due to group entities		
Havells Sylvania Lighting Belgium N.V.	-	1,049
Havells Sylvania Europe Ltd	74,827,104	77,601,394
Havells Netherlands Holding bv	12,000,000	14,000,000
	<u>86,827,104</u>	<u>91,602,443</u>
<p>The loan payable to Havells Sylvania Europe Limited has not been secured, bears an interest of 3.3471% per annum and is scheduled to be repaid on the 21st of January 2014.</p> <p>The loan payable to Havells Netherlands Holding BV is not secured, has no maturity date and bears no interest.</p>		
5 Other current liabilities		
Trade accounts payable	3,646	2,540
	<u>3,646</u>	<u>2,540</u>
6 Accruals and deferred income		
Accruals	346,927	682,769
	<u>346,927</u>	<u>682,769</u>

2013
EUR

2012
EUR

7 Capital and reserves

The authorised share capital of the Company amounts to EUR 250,000,000 divided into 2,500,000 shares of EUR 100 each. Issued and paid up are 1,350,200 shares of EUR 100 each.

In the annual general meeting of shareholders held on 06 November 2013 it was decided to add the balance of the unappropriated result 2012 to the other reserves.

	<u>Share capital</u>	<u>Other reserves</u>	<u>Unappr. Results</u>
Balance as per 01.01.2012	110,020,000	(71,474,384)	(2,140,458)
Paid-in / (repaid)	11,000,000	-	-
Transfer	-	(2,140,458)	2,140,458
Dividend	-	-	-
Interest rate swap	-	1,656,180	-
Result for the period	-	-	608,182
Balance as per 31.12.2013	121,020,000	(71,958,662)	608,182
Paid-in / (repaid)	14,000,000	-	-
Transfer	-	608,182	(608,182)
Dividend	-	-	-
Interest rate swap	-	-	-
Result for the period	-	-	(1,605,596)
Balance as per 31.12.2013	135,020,000	(71,350,480)	(1,605,596)

The shares of the Company have been pledged, by its shareholder 13 May 2012, to HSBC Corporate Trustee Company (UK) Limited.

	2013 EUR	2012 EUR
Profit and loss account		
8 Return on investment		
Result interest in group entities	359,126	3,783,776
	<u>359,126</u>	<u>3,783,776</u>
9 Interest on loans to group entities		
Flowil Lighting International (Holding)	735,241	3,333,026
Havells Sylvania Europe B.V.	63,125	286,159
Havells Sylvania France S.A.S.	359,147	-
Havells Sylvania Indonesia	34,216	9,663
Havells Inc	600,402	788,519
Havells Sylvania Brasil Iluminacao Ltda	78,309	-
	<u>1,870,439</u>	<u>4,417,367</u>
10 Interest on loans from group entities		
Havells Sylvania UK Limited	(2,827,991)	(1,804,957)
Havells Sylvania Argentina S.A.	-	(11,409)
Havells Sylvania Brasil Iluminacao Ltda	-	(106,933)
	<u>(2,827,991)</u>	<u>(1,923,299)</u>
11 Interest		
Interest other	(3,215)	-
Barclays Revolver	-	(540,694)
Barclays term loan	-	(3,031,491)
	<u>(3,215)</u>	<u>(3,572,185)</u>
12 Currency exchange rate differences		
On finance activities	(707,657)	(373,163)
	<u>(707,657)</u>	<u>(373,163)</u>
13 General and administrative expenses		
Bank charges	(1,317)	(2,094)
Other professional services	(294,980)	(462,650)
	<u>(296,297)</u>	<u>(464,744)</u>
14 Depreciation finance cost		
Depreciation finance cost	-	(790,654)
	<u>-</u>	<u>(790,654)</u>
15 Extraordinary loss		
Restructuring cost	-	(468,916)
	<u>-</u>	<u>(468,916)</u>
16 Taxation		
No provision for tax has been booked as the company belongs to the fiscal unity of Havells Holding BV,		

Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

Directors

The Company has four managing directors (2012: four), two of which receive a remuneration.
The Company has no supervisory directors. (2012 :none)

Amsterdam, 27 March 2014


Mr. Anil Rai Gupta


Mr. Gunther Axel Reinder Warris
appointed 03/02/2014


Mr. Armandus Martijn Lustig
appointed 03/02/2014


Mr. Sushil Singhal

Other information

Appropriation of results

Unappropriated results are in accordance with the Company's articles of association at the disposal of the general meeting of shareholders. Furthermore Book 2 of the Dutch Civil Code prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the paid and called up part of the share capital and the reserves to be maintained by the law and the articles of association of the Company.

The management proposes to the shareholder to add the result for the year to the other reserves.

Audit of annual accounts

The Company qualifies as a small entity and in conformity with article 396, Book 2 of the Dutch Civil Code, auditing of its annual accounts is not required.

Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.