

**Flowil International Lighting (Holding) 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 Flowil International Lighting (Holding) 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 company. The ultimate holding company is Havell's India Limited, India.

**Overview of activities**

During the year the Company incorporated Havells Sylvania South Africa Limited and made a capital contribution in the amount of Eur 5305,41 to the newly incorporated company. The Company also made capital contributions in the amount of Eur 1,404,797 to Havells Sylvania Sweden; an amount of Eur 3,419,018 to Havells Sylvania Norway and an amount of Eur 543,786 to Havells Sylvania Guangzhou.

**Results**

The net asset value of the Company as at 31 December 2013 amounts to EUR 6.524,202 (31 December 2012: EUR 248,336 deficit). The result for the year 2013 amounts to a profit of EUR 6,772,538 (2012: EUR 24,829,453 profit).

**Liquidity and capital resources**

Liquidity has decreased and shareholder's equity has increased with the profit for the year. Both are considered sufficient in view of the nature of the Company's business.

**Financial instruments**

The Company does not make use of financial instruments nor of related risk management activities.

**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.


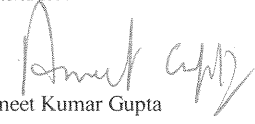
**Future outlook**

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

  
Intertrust Netherlands B.V.

  
Mr. Gunther Axel Reinder Warris  
appointed 03/02/2014  
  
Mr. Ameet Kumar Gupta

**Flovil International Lighting (Holding) B.V., Amsterdam**

**Balance sheet as at 31 December 2013**

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

	Notes	2013	2012
<b>Fixed assets</b>			
<b>Financial fixed assets</b>			
Interests in group entities	1	139,401,400	162,883,000
<i>Total fixed assets</i>		<u>139,401,400</u>	<u>162,883,000</u>
<b>Current assets</b>			
<b>Debtors</b>			
Amounts owed by group entities	2	3,714,804	1,229,807
VAT	3	12,288	10,058
Other receivables	4	360,327	2,874,215
Cash and Equivalents	5	2,857	12,112
<i>Total current assets</i>		<u>4,090,274</u>	<u>4,126,192</u>
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities	6	104,010,105	130,470,381
Accruals and deferred income	7	32,957,368	36,787,147
<i>Total current liabilities</i>		<u>136,967,473</u>	<u>167,257,528</u>
<b>Current assets less current liabilities</b>		<u>(132,877,198)</u>	<u>(163,131,336)</u>
<b>Total assets less current liabilities</b>		6,524,202	(248,336)
<b>Net asset value</b>		<u><u>6,524,202</u></u>	<u><u>(248,336)</u></u>
<b>Capital and reserves</b>			
Paid up and called up share capital	8	28,800	28,800
Share premium account		90,308,409	90,308,409
Translation reserves		5,101,000	5,101,000
Other reserves		(95,686,545)	(120,515,998)
Unappropriated results		6,772,538	24,829,453
<i>Total shareholder's equity</i>		<u><u>6,524,202</u></u>	<u><u>(248,336)</u></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)			
<b>Holding activities</b>			
Returns on investment	9	5,673,566	492,848
<i>Result holding activities</i>		<u>5,673,566</u>	<u>492,848</u>
<b>Financing activities</b>			
Interest on loans to group entities	10	676,107	701,358
Interest on loans from group entities	11	(2,174,973)	(6,172,611)
<i>Result financing activities</i>		<u>(1,498,867)</u>	<u>(5,471,253)</u>
<b>Other financial income and expenses</b>			
Currency exchange rate differences	12	(58,733)	(248,634)
<i>Total other financial income and expenses</i>		<u>(58,733)</u>	<u>(248,634)</u>
<b>Other income and expenses</b>			
Other income	13	3,382,441	30,317,826
General and administrative expenses	14	(663,315)	(197,219)
<i>Total other income and expenses</i>		<u>2,719,126</u>	<u>30,120,607</u>
<b>Result before corporate income tax</b>		<u>6,835,092</u>	<u>24,893,569</u>
Corporate income tax	15	(62,554)	(64,086)
<b>Result after corporate income tax</b>		<u><u>6,772,538</u></u>	<u><u>24,829,483</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 4 September 1992 and has its statutory seat in Amsterdam. The direct shareholder is SLI Europe B.V. and the ultimate holding company is Havells India Ltd. 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 in the Company's accounts at the Company's share of the net asset value of the subsidiary. Net asset value is calculated using the accounting policies applied in these annual accounts. Participating interests whose financial information cannot be aligned to these policies are valued based on their own accounting policies. Participating interests with an equity deficit are carried at NIL.

A provision is formed if and when the Company is fully or partially liable for the debts of the participating interest, or has the firm intention to allow the participating interest to repay its debts.

Receivables included in the financial fixed assets are valued at face value less provisions where necessary.

**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 except for exchange differences on the British Pound denominated share premium and capital contribution which are translated into Euros at historic exchange rates. Translation differences on long term loans that relate to the financing of participating interests are taken directly to currency translation reserves.

The exchange rates used in the annual accounts are:

	31.12.2013	31.12.2012
1 EUR = USD (US dollar)	1.38150	1.32210
1 EUR = GBP (Pound sterling)	0.83590	0.81840

**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**

Dividends from group entities are recorded as income when received. 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.

			2013	2012
			EUR	EUR
<b>Balance sheet</b>				
<b>Interests in group entities</b>				
The net asset value per group entity is:				
<i>Direct subsidiaries</i>				
<u>Name</u>	<u>Domicile</u>	<u>Owned</u>		
Havells Sylvania Lighting France S.A.	France	100% (2012 = 100%)	11,278,000	10,513,000
Havells Sylvania Germany GmbH	Germany	100% (2012 = 100%)	8,618,400	6,144,000
Havells Sylvania Fixtures Netherlands B.V.	Netherlands	100% (2012 = 100%)	5,209,000	27,538,000
Havells Sylvania Switzerland AG	Switzerland	100% (2012 = 100%)	684,000	8,606,000
Havells Sylvania Lighting Belgium N.V.	Belgium	100% (2012 = 100%)	14,483,000	13,290,000
Havells Sylvania Belgium B.V.B.A	Belgium	100% (2012 = 100%)	93,000	75,000
Havells Sylvania Sweden A.B.	Sweden	100% (2012 = 100%)	140,000	-
Havells Sylvania Finland OY	Finland	100% (2012 = 100%)	282,000	244,000
Havells Sylvania Tunisia .S.A.	Tunisia	100% (2012 = 100%)	-	-
Havells Sylvania Spain	Spain	100% (2012 = 100%)	6,890,000	6,745,000
Havells Sylvania Portugal Lda	Portugal	100% (2012 = 100%)	1,504,000	1,466,000
Havells Sylvania Italy S.p.A	Italy	100% (2012 = 100%)	3,806,000	3,687,000
Havells Sylvania Greece A.E.E.E.	Greece	100% (2012 = 100%)	-	-
Havells Sylvania South Africa Ltd	South Africa	100%	-	-
Havells Sylvania Poland sp.z.o.o.	Poland	100% (2012 = 100%)	-	-
Havells Sylvania Europe Limited	United Kingdom	100% (2012 = 100%)	58,757,000	57,475,000
Havells Sylvania UK Ltd	United Kingdom	100% (2012 = 100%)	646,000	-
Havells Sylvania (Guangzhou) Enterprise Ltd	China	100% (2012 = 100%)	-	-
Havells Sylvania Shanghai Limited	China	100% (2012 = 100%)	-	-
Havells Sylvania Asia Pacific Limited	Hong Kong	100% (2012 = 100%)	3,509,000	3,454,000
Havells Sylvania (Thailand) Limited	Thailand	100% (2012 = 100%)	4,754,000	7,019,000
Havells Sylvania France S.A.S.	France	100% (2012 = 100%)	12,202,000	11,481,000
Havells Sylvania Fixtures UK Limited	United Kingdom	99,99% (2012= 99,99%)	3,798,000	2,490,000
Havells Sylvania Dubai FZCO	United Arab Emirat	16,67% (2012= 16,67%)	2,731,000	2,598,000
Thailand Light Asset Company	Thailand	99,99% (2012= 99,99%)	17,000	20,000
Havells Sylvania Indonesia	Indonesia	99,99% (2012= 99,99%)	-	-
Havells Sylvania Malaysia	Malaysia	99,99% (2012= 99,99%)	-	38,000
<b>Total interest in group entities</b>			<b>139,401,400</b>	<b>162,883,000</b>

The investments of the subsidiaries are stated against net asset value.

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

Balance as per 1 January	162,883,000
Additions	5,425,900
Disposals	-
Increase in net asset value	(28,907,500)
Balance as per 31 December	<u>139,401,400</u>

	2013 EUR	2012 EUR
<b>2 Amounts owed by group entities</b>		
Havells Sylvania (Thailand) Ltd	1,605,076	704,720
Havells Sylvania South Africa	742,870	-
Havells Sylvania Spain	5,841	-
Havells Inc	175,000	75,000
Havells Sylvania Europe Ltd	1,186,016	450,087
	<u>3,714,804</u>	<u>1,229,807</u>

The amounts owed by group entities consist mainly of royalty income receivable from Havells Sylvania Limited Thailand and Havells Sylvania Europe Limited and Havells Inc. The amount receivable from Havells Sylvania South Africa is short term intercompany receivable that are non interest bearing.

**3 VAT**

Prepaid VAT	12,288	10,058
	<u>12,288</u>	<u>10,058</u>

**4 Other receivable**

Other receivable Osram	360,327	2,874,215
	<u>360,327</u>	<u>2,874,215</u>

The receivable from Osram is in connection with royalties income from the use of our patent.

**5 Cash and other equivalents**

Deutsche Bank USD	2,857	12,112
	<u>2,857</u>	<u>12,112</u>

The balances are at the free disposal of the Company.

**6 Amounts due to group entities**

	interest rate		
Havells Sylvania Lighting Belgium N.V.	3.2221%	5,917,389	5,919,502
Havells Sylvania Germany GmbH	3.2221%	17,693,870	17,820,318
Havells Sylvania Switzerland AG	2.9211%	2,268,330	6,546,603
Havells Sylvania Fixtures Netherlands B.V.		-	14,399,386
Havells Sylvania Netherlands BV	0.0000%	67,294,515	72,627,509
Havells Sylvania Sweden AB	3.2221%	901,175	
Havells Sylvania Europe Ltd	3.3471%	1,464,620	4,686,524
Havells Sylvania Italy S.p.A	3.2221%	4,496,734	4,497,143
Havells Sylvania Spain S.A.	3.2221%	3,973,471	3,973,397
		<u>104,010,105</u>	<u>130,470,381</u>

The contracts for the loans mentioned in this Note are for a maximum period of one month and is recurring. Due to the changing interest rates applicable to the loans at the respective drawdown dates, the interest rates stated in this Note are the rates applicable as per 31st of December 2013. The rates applicable for the calculation of interest receivable varied in the course of the financial year.

Interest on these loans are also settled on a monthly basis where applicable.

All current loan contracts will be repaid on the 22nd of January 2014.



	2013	2012
	EUR	EUR
<b>7 Accruals and deferred income</b>		
Accounts Payable Trade	340,555	88,303
Accrued professional fees	4,667	4,667
Accrued patent costs	114,376	259,765
Provisions	32,497,771	36,434,412
	<u>32,957,368</u>	<u>36,787,147</u>

**8 Capital and reserves**

The authorised share capital of the Company amounts to EUR 90,000 divided into 200 shares of EUR 450 each. Issued and paid up are 64 shares of EUR 450 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>Share premium</u>	<u>Translation Reserve</u>	<u>Other reserves</u>
Balance as per 01.01.2012	28,800	90,308,409	5,101,000	(128,961,435)
Transfer	-	-	-	8,445,437
Dividend	-	-	-	-
Result for the period	-	-	-	-
Balance as per 01.01.2013	<u>28,800</u>	<u>90,308,409</u>	<u>5,101,000</u>	<u>(120,515,998)</u>
Transfer	-	-	-	-
Dividend	-	-	-	-
Result for the period	-	-	-	24,829,453
Balance as per 31.12.2013	<u>28,800</u>	<u>90,308,409</u>	<u>5,101,000</u>	<u>(95,686,545)</u>

	<u>Unappr.results</u>
Balance as per 01.01.2012	8,445,437
Paid-in / (repaid)	-
Transfer	(8,445,437)
Dividend	-
Result for the period	24,829,453
Balance as per 01.01.2013	<u>24,829,453</u>
Paid-in / (repaid)	-
Transfer	(24,829,453)
Dividend	-
Result for the period	6,772,538
Balance as per 31.12.2013	<u>6,772,538</u>

On May 30, 2012 the shares of the Company have been pledged to HSBC bank.

	2013	2012
	EUR	EUR
<b>Profit and loss account</b>		
<b>9 Returns on investment</b>		
Result interest in group entities	5,673,566	492,848
	<u>5,673,566</u>	<u>492,848</u>
<b>10 Interest on loans to group entities</b>		
Havells Sylvania Lighting France SA	35,721	11,620
Havells Sylvania Tunisia S.A.R.L.	634,727	689,738
Havells Sylvania South Africa	5,659	-
	<u>676,107</u>	<u>701,358</u>
<b>11 Interest on loans from group entities</b>		
Havells Sylvania Lighting Belgium N.V.	(207,748)	(263,767)
Havells Sylvania Germany GmbH	(732,867)	(891,544)
Havells Sylvania Europe Ltd	19,559	(401,117)
Havells Sylvania Italy S.p.A.	(157,871)	(200,442)
Havells Sylvania Fixtures Netherlands B.V.	(108,685)	(656,317)
Havells Sylvania Spain S.A.	(139,485)	(177,458)
Havells Netherlands B.V.	(735,241)	(3,333,026)
Havells Sylvania Switzerland AG	(112,634)	(248,940)
	<u>(2,174,973)</u>	<u>(6,172,611)</u>
<b>12 Currency exchange rate differences</b>		
On financing participations	(58,733)	(248,634)
	<u>(58,733)</u>	<u>(248,634)</u>

	2013	2012
	EUR	-
<b>13 Other income</b>		
Royalty income	3,382,441	30,317,826
	<u>3,382,441</u>	<u>30,317,826</u>
<b>14 General and administrative expenses</b>		
Notary & Lawyer fees	(22,574)	(9,031)
Other professional services	(44,954)	(38,736)
Patent costs	(577,004)	(131,808)
General and administrative expenses	(13,925)	(13,440)
Bank charges	(4,858)	(4,204)
	<u>(663,315)</u>	<u>(197,219)</u>
<b>15 Corporate income tax</b>		
Income Tax	(62,554)	(64,086)
	<u>(62,554)</u>	<u>(64,086)</u>

The royalty income is in connection with the exploitation of Trade Marks owned by the Company. The Company grants concession for the use of the Trade Marks to group entities as well as to third parties. Some of the Trade Marks include Sylvania, Brite Spot, Sylvania Home, LYNX, OTRON, SLI- Logo e.t.c.


**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 (previous year: four) managing directors, two which receive a remuneration. The Company has no (previous year: none) supervisory directors.

Amsterdam, 27 March 2014

  
Mr. Anil Rai Gupta

  
Intertrust Netherlands B.V.

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

  
Mr. Ameet Kumar Gupta

**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**

The Company repaid all its outstanding short term loan contracts on the 22nd of January 2014. The Company has also entered into new short term loan contracts.

No further 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.