

Havell's Netherlands B.V.
Amsterdam

Annual report and accounts
for the year 2014

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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 2014.

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 Havells India Limited, India.

Overview of activities

The Company did not start up any other activity during the financial year under review.
The Company received a dividend from Havells Sylvania Holdings (BVI-1) amounting EUR 675,822.
The Company received a loan of EUR 6 million from Havells Netherlands Holding B.V.
The Company paid back part of the loan received from Havells Sylvania Europe UK Ltd.

Results

The net asset value of the Company as at 31 December 2014 amounts to EUR 63,210,603 (2013: EUR 62,063,924).
The result for the year 2014 amounts to a profit of EUR 1,146,680 (2013: EUR 1,605,596 loss).

Capital resources

Liquidity has slightly increased 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 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.
The Company makes use of cashpooling.

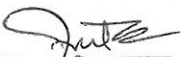
Staff numbers and employment costs

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, 15 April 2015


Mr. Anil Rai Gupta

Mr. Armandus Martijn Lustig
appointed 03/02/2014


Mr. Gunther Axel Reinder Warris

Mr. Sushil Singhal

Balance sheet as at 31 December 2014

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

	Notes	2014	2013
Fixed assets			
Financial fixed assets			
Interests in group entities	1	47,712,596	47,712,634
Loans to group entities	2	103,408,581	101,528,849
<i>Total fixed assets</i>		<u>151,121,177</u>	<u>149,241,482</u>
Current assets			
Debtors			
VAT	3	7,474	117
Cash and equivalents	4	2,412	-
<i>Total current assets</i>		<u>9,886</u>	<u>117</u>
Current liabilities (due within one year)			
Amounts due to group entities	5	87,553,875	86,827,104
Other current liabilities	6	43,379	3,646
Accruals and deferred income	7	323,205	346,927
<i>Total current liabilities</i>		<u>87,920,459</u>	<u>87,177,676</u>
Current assets less current liabilities		<u>(87,910,574)</u>	<u>(87,177,559)</u>
Total assets less current liabilities		63,210,603	62,063,923
Net asset value		<u>63,210,603</u>	<u>62,063,923</u>
Capital and reserves			
Issued and paid up share capital	8	135,020,000	135,020,000
Other reserves		(72,956,076)	(71,350,480)
Unappropriated results		1,146,680	(1,605,596)
<i>Total shareholder's equity</i>		<u>63,210,603</u>	<u>62,063,923</u>

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

Profit and loss account for the year 2014

(Expressed in euros)	Notes	2014	2013
Holding activities			
Return on investment	9	675,822	359,126
<i>Result holding activities</i>		<u>675,822</u>	<u>359,126</u>
Financing activities			
Interest on loans to group entities	10	1,074,526	1,870,439
Interest on loans from group entities	11	(2,529,307)	(2,827,991)
Interest	12	-	(3,215)
<i>Result financing activities</i>		<u>(1,454,781)</u>	<u>(960,768)</u>
Other financial income and expenses			
Currency exchange rate differences	13	2,230,725	(707,657)
<i>Total other financial income and expenses</i>		<u>2,230,725</u>	<u>(707,657)</u>
Other income and expenses			
General and administrative expenses	14	(305,085)	(296,297)
<i>Total other income and expenses</i>		<u>(305,085)</u>	<u>(296,297)</u>
Result before taxation		<u>1,146,680</u>	<u>(1,605,596)</u>
Result after taxation		<u><u>1,146,680</u></u>	<u><u>(1,605,596)</u></u>

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

Notes to the annual accounts for the year ended 31 December 2014

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 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

Based on the international structure and activities of the Company, and in accordance with the provisions provided for in article 389, sub 9, Book 2 of the Dutch Civil Code the Company values its investments in subsidiaries and associated companies at historical cost.

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:

	31.12.2014	31.12.2013
1 EUR = USD (US dollar)	1.2165	1.3815
1 EUR = GBP (Pound sterling)	0.7818	0.8359

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

The Company is part of the fiscal unity for CIT purposes headed by Havells Netherlands Holding bv and other wholly owned subsidiaries in the Netherlands.

It was agreed that the corporate income tax due / receivable by the Company will be born by and accounted for in the parent company.

				2014	2013
				EUR	EUR
Balance sheet					
1 Interests in group entities					
			<u>Owned</u>		
<u>Name</u>	<u>Domicile</u>				
SLI Europe B.V.	Amsterdam, NL	direct	100% (2013 100%)	46,917,294	46,917,332
Havells Sylvania (BVI-1)	BVI	direct	100% (2013 100%)	-	-
Havells USA Inc	USA	direct	100% (2013 100%)	-	-
HS Costa Rica	Costa Rica	indirect		795,302	795,302
				<u>47,712,596</u>	<u>47,712,634</u>

Subsidiaries of Havells Sylvania (BVI-1) are valued :

<u>Name</u>	<u>Domicile</u>		
Havells Sylvania Columbia S.A.	Columbia		-
Havells Sylvania Peru SAC	Peru		-
Havells Sylvania Venezuela	Venezuela		-
			<u>-</u>

The investments in subsidiaries are stated against historic values.
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	(38)
Disposals	-
Balance as per 31 December	<u>47,712,596</u>

2 Loans to group entities

Havells Sylvania Brasil Iluminacao Ltda	USD	2,534,029	2,083,049	1,765,234
PT Havells Sylvania Indonesia	USD	1,202,431	988,435	841,776
Havells USA Inc	USD	19,134,873	15,729,447	13,313,517
Flowil International Lighting (Holding) B.V.			66,294,515	67,294,515
SLI Europe B.V.			6,298,597	6,298,597
Havells Sylvania France S.A.S			12,014,538	12,015,210
			<u>103,408,581</u>	<u>101,528,849</u>

The loan to Havells Sylvania Brasil Iluminacao Ltda has not been secured, has no maturity date and attracts 3.8100% interest per annum.

Balance as per 1 January	1,765,234
Increase/(decrease)	71,503
Currency exchange rate differences	246,312
Balance as per 31 December	<u>2,083,049</u>

The loan to Havells Sylvania Indonesia has not been secured, has no maturity date and attracts 3.5500% interest per annum.

Balance as per 1 January	841,776
Increase/(decrease)	29,690
Currency exchange rate differences	116,969
Balance as per 31 December	<u>988,435</u>

The loan to Havells Sylvania France SAS has not been secured, has no maturity date and attracts 3.3550% interest per annum.
Havells Sylvania France SAS pay interest every 3 months

Balance as per 1 January	12,015,210
Increase/(decrease)	(672)
Currency exchange rate differences	
Balance as per 31 December	<u>12,014,538</u>

The loan to Havells USA Inc. has not been secured, has no maturity date and attracts 3.7750% interest per annum.

Balance as per 1 January	13,313,517
Increase/(decrease)	556,153
Currency exchange rate differences	1,859,777
Balance as per 31 December	<u>15,729,447</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	67,294,515
Increase/(decrease)	(1,000,000)
Currency exchange rate differences	-
Balance as per 31 December	<u>66,294,515</u>

Havell's Netherlands B.V., Amsterdam

		2014	2013
		EUR	EUR
The loan to SLI Europe B.V. has not been secured, has no maturity date and bears no interest.			
Balance as per 1 January	6,298,597		
Increase/(decrease)	-		
Currency exchange rate differences	-		
Balance as per 31 December	<u>6,298,597</u>		
3 VAT			
VAT receivable		<u>7,474</u>	<u>117</u>
		7,474	117
4 Cash and other equivalents			
HSBC USD	1000 USD	822	
HSBC GBP	460.80 GBP	590	
HSBC EURO		1,000	
		<u>2,412</u>	<u>-</u>
The balances are at the free disposal of the Company.			
5 Amounts due to group entities			
Havells Sylvania Lighting Belgium N.V.		1,764	-
Havells Sylvania Europe Ltd		69,552,111	74,827,104
Havells Netherlands Holding BV		18,000,000	12,000,000
		<u>87,553,875</u>	<u>86,827,104</u>
The loan received from Havells Sylvania Europe Ltd has not been secured, has no maturity date, Interest is 3.207% per annum.			
Balance as per 1 January	74,827,104		
Increase/(decrease)	(5,274,992)		
Currency exchange rate differences	-		
Balance as per 31 December	<u>69,552,111</u>		
The loan received from Havells Netherlands Holding B.V. has not been secured, has no maturity date and no interest.			
Balance as per 1 January	12,000,000		
Increase/(decrease)	6,000,000		
Currency exchange rate differences	-		
Balance as per 31 December	<u>18,000,000</u>		
The loan payable to Havells Sylvania Europe Limited has not been secured, bears an interest of 3.2070% per annum and is scheduled to be repaid on the 21st of January 2015.			
The loan payable to Havells Netherlands Holding BV is not secured, has no maturity date and bears no interest.			
6 Other current liabilities			
Trade accounts payable		<u>43,379</u>	<u>3,646</u>
		43,379	3,646
7 Accruals and deferred income			
Accruals		<u>323,205</u>	<u>346,927</u>
		323,205	346,927

2014	2013
EUR	EUR

8 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 28 March 2014 it was decided to add the balance of the unappropriated result 2013 to the other reserves.

	<u>Share capital</u>	<u>Other reserves</u>	<u>Unappr. Results</u>
Balance as per 01.01.2013	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)
Paid-in / (repaid)	-	-	-
Transfer	-	(1,605,596)	1,605,596
Dividend	-	-	-
Interest rate swap	-	-	-
Result for the period	-	-	1,146,680
Balance as per 31.12.2014	135,020,000	(72,956,076)	1,146,680

The shares of the Company have been pledged, by its shareholder 30 May 2012, to HSBC Corporate Trustee Company (UK) Limited.

	2014	2013
	EUR	EUR
Profit and loss account		
9 Return on investment		
Dividends	675,822	359,126
	<u>675,822</u>	<u>359,126</u>
10 Interest on loans to group entities		
Flowil Lighting International (Holding) B.V.	-	735,241
SLI Europe BV	-	63,125
Havells Sylvania France S.A.S.	417,179	359,147
PT Havells Sylvania Indonesia	29,690	34,216
Havells USA Inc	556,153	600,402
Havells Sylvania Brasil Iluminacao Ltda	71,504	78,309
	<u>1,074,526</u>	<u>1,870,439</u>
11 Interest on loans from group entities		
Havells Sylvania UK Limited	(2,529,307)	(2,827,991)
Havells Sylvania Argentina S.A.	-	-
Havells Sylvania Brasil Iluminacao Ltda	-	-
	<u>(2,529,307)</u>	<u>(2,827,991)</u>
12 Interest		
Other Interest	-	(3,215)
	<u>-</u>	<u>(3,215)</u>
13 Currency exchange rate differences		
On finance activities	2,230,725	(707,657)
	<u>2,230,725</u>	<u>(707,657)</u>
14 General and administrative expenses		
Bank charges	(1,554)	(1,317)
Other professional services	(303,531)	(294,980)
	<u>(305,085)</u>	<u>(296,297)</u>
15 Taxation		

The Company forms part of a fiscal unity for corporate income tax with its parent company Havells Netherlands Holding BV which is the head of the fiscal unity. The Company and its parent company agreed that the corporate income tax due / receivable by the Company will be born by and accounted for in the parent company.

Havell's Netherlands B.V., Amsterdam

Staff numbers and employment costs

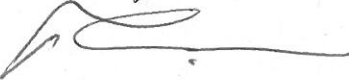
The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

Directors

The Company has four managing directors (2014: four), two of which receive a remuneration.
The Company has no supervisory directors.(2014 :none)

Amsterdam, 15 April 2015

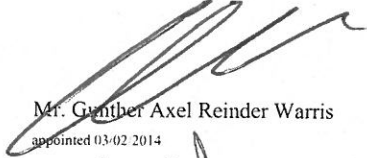
Mr. Anil Rai Gupta



Mr. Armandus Martijn Lustig

appointed 03-02-2014

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




Mr. Sushil Singhal

Havell's Netherlands B.V., Amsterdam

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 article 20 of the AoA and art. 216 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.

Contingent liabilities

The company has a contingent liability of EUR 77.5 million regarding facility agreement with HSBC

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.