

**Havel's Netherlands Holding 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 Holding 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.  
Havells Sylvania Europe Ltd has repaid the loan.  
The Company has given a new loan to Havells Netherlands bv for an amount of 6 million Euro.

**Results**

The net asset value of the Company as at 31 December 2014 amounts to EUR 84,336,259 (2013: EUR (83,959,849)).  
The result for the year 2014 amounts to a profit of EUR 376,409. (2013: EUR 137,944 profit).

**Liquidity and capital resources**

Liquidity has 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 did not entered in new loans


**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

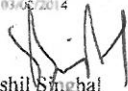
  
Mr. Anil Raj Gupta

Mr. Armandus Martijn Lustig

appointed 03/02/2014

  
Mr. Geert Axel Reinder Warris

appointed 03/02/2014

  
Mr. Sushil Singh

**Balance sheet as at 31 December 2014**

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

|   | Notes | 2014              | 2013              |
|---|-------|-------------------|-------------------|
| <b>Fixed assets</b>                               |       |                   |                   |
| Financial fixed assets                            |       |                   |                   |
| - Interests in group entities                     | 1     | 77,961,336        | 77,961,336        |
| <i>Total fixed assets</i>                         |       | <u>77,961,336</u> | <u>77,961,336</u> |
| <b>Current assets</b>                             |       |                   |                   |
| Debtors   |       |                   |                   |
| Amounts owed by group entities                    | 2     | 18,250,000        | 17,724,074        |
| Prepayments and accrued income                    | 3     | 312,205           | 450,962           |
| Cash and equivalents                              | 4     | 6,304             | 6,229             |
| <i>Total current assets</i>                       |       | <u>18,568,509</u> | <u>18,181,266</u> |
| <b>Current liabilities (due within one year)</b>  |       |                   |                   |
| Amounts due to group entities                     | 5     | 163,127           | -                 |
| Other liabilities                                 | 6     | 30,459            | 182,752           |
| <i>Total current liabilities</i>                  |       | <u>193,586</u>    | <u>182,752</u>    |
| <b>Current assets less current liabilities</b>    |       | <u>18,374,923</u> | <u>17,998,513</u> |
| <b>Total assets less current liabilities</b>      |       | 96,336,259        | 95,959,849        |
| <b>Long term liabilities (due after one year)</b> |       |                   |                   |
| Loans   | 7     | 12,000,000        | 12,000,000        |
| <b>Net asset value</b>                            |       | <u>84,336,259</u> | <u>83,959,849</u> |
| <b>Capital and reserves</b>                       |       |                   |                   |
| Issued and paid up share capital                  | 8     | 141,041,000       | 141,041,000       |
| Other reserves                                    |       | (57,081,151)      | (57,219,095)      |
| Unappropriated results                            |       | 376,409           | 137,944           |
| <i>Total Capital and reserves</i>                 |       | <u>84,336,259</u> | <u>83,959,849</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                  |
|--|-------|-----------------------|-----------------------|
| <b>Financing activities</b>                      |       |                       |                       |
| Interest on loans to group entities              | 9     | 126,935               | 194,596               |
| Interest on loans                                | 10    | (482,739)             | (382,132)             |
| <i>Result financing activities</i>               |       | <u>(355,804)</u>      | <u>(187,536)</u>      |
| <b>Other financial income and expenses</b>       |       |                       |                       |
| Currency exchange rate differences               | 11    | 21                    | -                     |
| <i>Total other financial income and expenses</i> |       | <u>21</u>             | <u>-</u>              |
| <b>Other income and expenses</b>                 |       |                       |                       |
| Management fees                                  | 12    | 908,749               | 476,251               |
| General and administrative expenses              | 13    | (37,799)              | (46,702)              |
| Depreciation finance cost                        | 14    | (138,758)             | (104,068)             |
| <i>Total other income and expenses</i>           |       | <u>732,193</u>        | <u>325,480</u>        |
| <b>Result before corporate income taxation</b>   |       | <u>376,409</u>        | <u>137,944</u>        |
| Corporate income tax                             | 15    | -                     | -                     |
| <b>Result after corporate income taxation</b>    |       | <u><u>376,409</u></u> | <u><u>137,944</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 Malta Limited, Malta, 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. 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:

|                              | 31.12.2014 | 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 the head of the fiscal unity for corporate income tax purposes with its group companies 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               |
| <b>Balance sheet</b>  |                            |       |              |                   |                   |
| <b>1 Interests in group entities</b>  |                            |       |              |                   |                   |
|   |                            |       | <b>Owned</b> |                   |                   |
| <b>Name</b>   | <b>Domicile</b>            |       |              |                   |                   |
| Havell's Netherlands B.V.   | Amsterdam, The Netherlands | 100%  |              | 77,961,336        | 77,961,336        |
|   |                            |       |              | <u>77,961,336</u> | <u>77,961,336</u> |
| The investments in subsidiaries are stated against historic values plus any movements in the period.<br>Due to the increase in the investment and the 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  |                            |       |              | 77,961,336        |                   |
| Additions   |                            |       |              | -                 |                   |
| Disposals   |                            |       |              | -                 |                   |
| Balance as per 31 December  |                            |       |              | <u>77,961,336</u> |                   |
| <b>2 Amounts owed by group entities</b>   |                            |       |              |                   |                   |
| Havells Netherlands B.V.  |                            |       |              | 18,000,000        | 12,000,000        |
| Havells Sylvania Europe Ltd   |                            |       |              | 250,000           | 5,724,074         |
|   |                            |       |              | <u>18,250,000</u> | <u>17,724,074</u> |
| The loan to Havells Netherlands B.V. has not been secured, has no maturity and is without 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 to Havells Sylvania Europe Ltd has not been secured, has no maturity and attracts 4.0971% interest per annum.  |                            |       |              |                   |                   |
| Balance as per 1 January  |                            |       |              | 5,724,074         |                   |
| Increase (decrease)   |                            |       |              | (5,474,074)       |                   |
| Currency exchange rate differences  |                            |       |              | -                 |                   |
| Balance as per 31 December  |                            |       |              | <u>250,000</u>    |                   |
| <b>3 Prepayments and accrued income</b>   |                            |       |              |                   |                   |
| Prepaid finance costs   |                            |       |              | 312,205           | 450,962           |
|   |                            |       |              | <u>312,205</u>    | <u>450,962</u>    |
| The prepaid finance costs are related to loan facility received from Standard Chartered Bank.<br>The prepaid finance costs will be depreciated over a time period of 4 years.   |                            |       |              |                   |                   |
| Balance as per 1 January  |                            |       |              | 450,962           |                   |
| Increase/(decrease)   |                            |       |              | -                 |                   |
| Amortization  |                            |       |              | (138,758)         |                   |
| Balance as per 31 December  |                            |       |              | <u>312,205</u>    |                   |
| <b>4 Cash and equivalents</b>   |                            |       |              |                   |                   |
| HSBC USD  | USD                        | 1,000 |              | 822               | -                 |
| HSBC EURO   | EURO                       |       |              | 1,000             | -                 |
| Standard Chartered Bank   | EURO                       |       |              | 4,482             | 6,229             |
|   |                            |       |              | <u>6,304</u>      | <u>6,229</u>      |
| <b>5 Amounts due to group entities</b>  |                            |       |              |                   |                   |
| Havells Sylvania Europe UK Ltd  |                            |       |              | 161,678           | -                 |
| Havells Sylvania Lighting Belgium N.V.  |                            |       |              | 1,449             | -                 |
|   |                            |       |              | <u>163,127</u>    | <u>-</u>          |

**6 Other liabilities**

|  |               |                |
|--|---------------|----------------|
| Third party payables                   | 11,227        | 5,112          |
| Accrued interest                       | 17,883        | 18,891         |
| Accrued management fees and other fees | 1,350         | 158,749        |
|  | <u>30,459</u> | <u>182,752</u> |

**7 Loans**

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Standard Chartered Bank | <u>12,000,000</u> | <u>12,000,000</u> |
|                         | <u>12,000,000</u> | <u>12,000,000</u> |

The loan is unsecured and bears 3,966% interest per annum. The loan has a maturity date of 48 months.

The loan will be repaid in three installments;

|                           |               |
|---------------------------|---------------|
| After the first 36 months | Eur 3,000,000 |
| After the first 42 months | Eur 4,500,000 |
| After the first 48 months | Eur 4,500,000 |

Movements in the loan balance is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Balance as per 1 January           | -                 |
| Increase/(decrease)                | 12,000,000        |
| Currency exchange rate differences | -                 |
| Balance as per 31 December         | <u>12,000,000</u> |

**8 Capital and reserves**

The authorised share capital of the Company amounts to EUR 200,000,000 divided into 2,000,000 shares of EUR 100 each. Issued and paid up are 1,410,410 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>Share premium</u> | <u>Other reserves</u> | <u>Unappr.results</u> |
|---------------------------|----------------------|----------------------|-----------------------|-----------------------|
| Balance as per 01.01.2013 | 116,441,000          | -                    | (57,129,027)          | (90,068)              |
| Paid-in / (repaid)        | 24,600,000           | -                    | -                     | -                     |
| Transfer                  | -                    | -                    | (90,068)              | 90,068                |
| Dividend                  | -                    | -                    | -                     | -                     |
| Result for the period     | -                    | -                    | -                     | 137,944               |
| Balance as per 01.01.2014 | <u>141,041,000</u>   | -                    | <u>(57,219,095)</u>   | <u>137,944</u>        |
| Paid-in / (repaid)        | -                    | -                    | -                     | -                     |
| Transfer                  | -                    | -                    | 137,944               | (137,944)             |
| Dividend                  | -                    | -                    | -                     | -                     |
| Result for the period     | -                    | -                    | -                     | 376,409               |
| Balance as per 31.12.2014 | <u>141,041,000</u>   | -                    | <u>(57,081,151)</u>   | <u>376,409</u>        |



|   | 2014             | 2013             |
|---|------------------|------------------|
|   | EUR              | EUR              |
| <b><u>Profit and loss account</u></b>         |                  |                  |
| <b>9 Interest on loans to group entities</b>  |                  |                  |
| Havells Sylvania Europe Ltd                   | 126,935          | 194,596          |
|   | <u>126,935</u>   | <u>194,596</u>   |
| <b>10 Interest on loans</b>                   |                  |                  |
| Standard Chartered Bank                       | (482,739)        | (382,132)        |
| Barclays term loan                            | -                | -                |
|   | <u>(482,739)</u> | <u>(382,132)</u> |
| <b>12 Other financial income and expenses</b> |                  |                  |
| Currency exchange rate differences            | 21               | -                |
|   | <u>21</u>        | <u>-</u>         |
| <b>12 Management fees</b>                     |                  |                  |
| Havells Sylvania Europe Ltd                   | 908,749          | 476,251          |
|   | <u>908,749</u>   | <u>476,251</u>   |
| <b>13 General and administrative expenses</b> |                  |                  |
| Bank charges                                  | (1,015)          | (1,014)          |
| Professional fees                             | (36,784)         | (45,688)         |
|   | <u>(37,799)</u>  | <u>(46,702)</u>  |
| <b>14 Depreciation finance cost</b>           |                  |                  |
| Depreciation finance cost                     | (138,758)        | (104,068)        |
|   | <u>(138,758)</u> | <u>(104,068)</u> |
| <b>15 Corporate income tax</b>                |                  |                  |
| Provision for C.I.T. 2014 (2013)              | -                | -                |
|   | <u>-</u>         | <u>-</u>         |

**Havell's Netherlands Holding 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 (2014: four) managing directors, two of which receive a remuneration.  
The Company has no (2014: none) supervisory directors.

Amsterdam, 15 April 2015



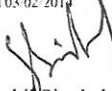
Mr. Anil Rai Gupta



Mr. Armandus Martijn Lustig  
appointed 03-02-2014



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



Mr. Sushil Singhal

**Havell's Netherlands Holding 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.

**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.