

Havells Holdings Limited

Financial Statements

31 March 2016

**HAVELLS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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HAVELLS HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Sean Kevin Dowling
Ameet Kumar Gupta
Anil Rai Gupta
Ella Christabel Pinnock
(Alternate director to Sean Kevin Dowling)

Registered office

33-37 Athol Street
Douglas
Isle of Man IM1 1LB

Accountants

Estera Trust (Isle of Man) Limited (formerly Appleby Trust (Isle
of Man) Limited
33-37 Athol Street
Douglas
Isle of Man IM1 1LB

Bankers

Standard Chartered Bank
1 Basinghall Avenue
London
EC2V 5DD

Auditors

Ernst & Young LLC
Rose House
51-59 Circular Road
Douglas
Isle of Man
IM1 1AZ

HAVELLS HOLDINGS LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 March 2016.

Principal activities and business review

The principal activity of the Company during the year was that of an investment holding company.

Results and dividends

The results of the company for the year are set out in the Profit and Loss Account on page 7.

The directors do not recommend the payment of a dividend (2015: nil).

Directors

The directors who served the company during the year were as follows:

Sean Kevin Dowling
Ameet Kumar Gupta
Anil Rai Gupta
Ella Christabel Pinnock
(Alternate director to Sean Kevin Dowling)

Registered Agent

The Registered Agent of the company is Estera Trust (Isle of Man) Limited.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for the preparation of the financial statements. The directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 reliable accounting records which correctly explain the transactions of the company, and which enable the financial position of the company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**HAVELLS HOLDINGS LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Auditor

A resolution to re-appoint Ernst & Young LLC as auditor for the ensuing year will be proposed at the annual general meeting.

Registered office:
33-37 Athol Street
Douglas
Isle of Man IM1 1LB

Signed by order of the directors



DIRECTOR

Approved by the directors on 10.5.16

**HAVELLS HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVELLS HOLDINGS LIMITED
FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of Havells Holdings Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, Statement of Total recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards.

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 Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 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. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom accounting standards.


Ernst & Young LLC
Chartered Accountants
Isle of Man
Date 10 May 2016

HAVELLS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

		<u>2016</u>	<u>2015</u>
	Note	EUR	EUR
Turnover		-	-
		-	-
Expenses			
Administration Fees		(78,739)	(26,692)
Audit Fees		(16,066)	(7,540)
Legal Fees		(3,158)	-
Professional Fees		(194,175)	-
Valuation Fees		(4,888)	-
Bank Charges & Expenses		(171)	-
Interest Expense - Loans Payable		(8,727)	(229,553)
Amortisation of Loan Arrangement Fee		-	(261,979)
Interest Received		-	-
Provision for Commitment to Subsidiaries	7	(7,600,000)	-
Investment Impairment	4,7	(7,812,179)	-
Exchange Gain		950	51
		<u>(15,717,153)</u>	<u>(525,713)</u>
Gain on sale of Investments		25,393,588	-
		<u>25,393,588</u>	-
Taxation		-	-
Profit/(loss) for the financial year		<u><u>9,676,435</u></u>	<u><u>(525,713)</u></u>

HAVELLS HOLDINGS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
	Note	EUR	EUR
Profit/(loss) for the financial year attributable to the shareholders		9,676,435	(525,713)
Total gains/(losses) recognised since the last annual report		9,676,435	(525,713)



HAVELLS HOLDINGS LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2016

		<u>2016</u>	<u>2015</u>
	Note	EUR	EUR
Fixed assets			
Investments	7	28,251,603	141,258,014
		28,251,603	141,258,014
Current assets			
Debtors	3	5,008,087	-
Cash at bank and in hand		7,825,600	32,054
Total current assets		12,833,687	32,054
Creditors: Amounts falling due within one year	4	7,606,918	8,131
Net current liabilities		5,226,769	23,923
Total assets less current liabilities		33,478,372	141,281,937
		33,478,372	141,281,937
Capital and reserves			
Called-up equity share capital	8	33,835,135	147,098,298
Profit and loss account	9	(356,763)	(5,816,361)
Shareholders' funds	9	33,478,372	141,281,937

These financial statements were approved by the directors and authorised for issue on 10.5.16, and are signed on their behalf by:

 DIRECTOR

 DIRECTOR
 ARG

**HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015). These financial statements have been prepared on the going concern basis on the understanding that the parent will provide quarterly capital contributions in order to enable the company to meet its liabilities as they fall due.

Income & Expenses

Income and expenses are accounted for under the accruals concept.

Foreign currencies

Items included in the company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Euro, which reflects the primary economic environment of the company's subsidiaries.

The Company has adopted the Euro as its presentation currency.

Monetary assets and liabilities denominated in currencies other than the Euro are translated into Euros at the closing rates at each period end. Transactions during the period are translated at the rate prevailing on the date of the transaction. Gains and losses on translation are taken to the profit and loss account.

Investments

Investments in subsidiaries are held at cost, less a provision for any permanent diminution in value.

Group Accounts

The Company has taken advantage of an exemption under FRS 2 not to produce consolidated group accounts, as the ultimate parent company, Havells India Limited, prepares consolidated financial statements that are publicly available.

Cash Flow Statement

Under FRS 1 "Cash Flow Statements", the company is exempt from preparing a cash flow statement as it qualifies as a small company.

Cash at bank and in hand

Cash is defined as cash in hand, demand deposits and short term, highly liquid investments which are

**HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

2 Other operating income

Operating loss is stated after charging/(crediting):

	2016 EUR	2015 EUR
Auditor's fees	16,066	7,540
Net profit on foreign currency translation	(950)	(51)
	15,116	7,489

3 Debtors

	2016 EUR	2015 EUR
Amount held in escrow re sale of Havells Malta Ltd	5,000,000	-
Amounts owed by group companies	8,087	-
	5,008,087	-

4 Creditors: Amounts falling due within one year

	2016 EUR	2015 EUR
Trade creditors	6,917	8,131
Provision for liabilities of subsidiaries	7,600,001	-
	7,606,918	8,131

At the year end a provision has been made against various liabilities of the subsidiaries acquired in the year as part of the sale of Havells Malta Limited. The subsidiaries have certain external liabilities which they would not be able to settle from internal sources because of retained losses. The company, as the parent, has committed to give the subsidiaries financial support however as no return on capital is expected for this support a provision has been made.

5 Income Tax

The standard rate of corporate income tax in the Isle of Man is 0%, except where profits are derived from banking business, or in certain circumstances retail businesses which are subject to corporate income tax at a rate of 10%. With effect from 6 April 2015, profits derived from Isle of Man land and property will be subject to tax at a rate of 20%, which were previously subject to tax at a rate of 10%.

As the Company does not derive its income from banking business, retail business or Isle of Man land and property, its profits are subject to the standard rate of 0% corporate income tax.

**HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

6 Related Party Transactions

The ultimate parent Company is Havells India Limited, a company incorporated in India and listed on the Bombay Stock Exchange. The directors consider Havells India Limited to be the ultimate controlling party by virtue of its controlling interest in the company's share capital. The consolidated financial statements of Havells India Limited are the largest financial statements that are publicly available which incorporate the results of the company. Copies of the Havells India Limited financial statements can be obtained from Havells India Limited, 1 Raj Narain Marg, Civil Lines, Dehli 110054, India.

The company has availed itself of an exemption granted by FRS 8 not to disclose details of transactions with fellow group entities.

Mr Sean Dowling, a director of the Company, is also a director of Estera Trust (Isle of Man) Limited (Estera). Estera has charged the Company €78,739 during the year ended 31 March 2016 (2015: €26,692) for the provision of administration and registered agent services. At the balance sheet date Estera was owed €nil (2015: €3,131). After the year end, Appleby Trust (Isle of Man) Limited changed its name to Estera Trust (Isle of Man) Limited and Ella Pinnock, alternate director for Sean Dowling, was appointed as a director of Estera.

Mr Sean Dowling, a director of the Company, was also a partner in Appleby (Isle of Man) LLC ('Appleby Law'). Appleby law charged the company €3,158 during the year ended 31 March 2016 (2015: €nil) for the provision of legal fees. At the balance sheet date no legal fees were outstanding (2015: \$nil).

HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

7 Investments

Investment in Havells Malta Limited		Non-cumulative redeemable			Total EUR
Ordinary Shares EUR	'A' Class Shares EUR	'B' Class Shares EUR	4% pref shares EUR		
Cost/fair value					
Balance brought forward	-	45,999	-	141,212,015	141,258,014
Additions	141,258,014	-	-	-	141,258,014
Disposals	(113,006,411)	(45,999)	-	(141,212,015)	(254,264,425)
Balance carried forward	28,251,603	-	-	-	28,251,603
Net book value					
Balance carried forward	28,251,603	-	-	-	28,251,603
Investment in Havells International Limited					
		'A' Class Shares EUR			Total EUR
Cost/fair value					
Balance brought forward		-			-
Additions		7,801,300			7,801,300
Impairment		(7,801,300)			(7,801,300)
Net book value					
Balance carried forward		-			-
Investment in Havells USA Inc.					
		'A' Class Shares EUR			Total EUR
Cost/fair value					
Balance brought forward		-			-
Additions		939			939
Impairment		(939)			(939)
Net book value					
Balance carried forward		-			-
Investment in Havells Sylvania Iluminacion Chile Limited					
		'A' Class Shares EUR			Total EUR
Cost/fair value					
Balance brought forward		-			-
Additions		939			939
Impairment		(939)			(939)
Net book value					
Balance carried forward		-			-
Investment in Havells Sylvania Brazil Iluminacao Limitada					
		'A' Class Shares EUR			Total EUR
Cost/fair value					
Balance brought forward		-			-
Additions		1			1
Impairment		(1)			(1)
Net book value					
Balance carried forward		-			-
Total Investments Held					28,251,603

**HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7 Investments (continued)

Subsidiary	Principal Activity	Domicile	Share Class	Holding %
Havells Malta Limited	Investment Holding Lighting Production	Malta	A B Non cumulative redeemable 4% preference shares	20 - -
Havells International Limited		IoM	A	100
Havells USA Inc.		USA	A	100
Havells Sylvania Iluminacion Chile Limited		Chile	A	100

The holder of the 'A' class shares in Havells Malta Limited has the right to receive notice of and to attend all general meetings of Havells Malta Limited (the Company) and to vote on all Ordinary Resolutions and Extraordinary Resolutions. They also have the right to receive dividends and to participate in the profits of the Company.

The holder of the 'B' class share has the right to receive notice of and to attend all general meetings of the Company and the right to vote on Extraordinary resolutions but shall not have the right to vote on Ordinary Resolutions. They do not have the right to receive any dividends or to participate in the profits of the Company.

The holder of the 'B' share shall have no right to participate in any surplus assets and profits of the Company upon the dissolution of said Company other than the return of the nominal value of the shares invested thereby.

The preference shares have the right to receive a dividend of 4% per annum if the dividend is declared by General Meeting, but no right to participate in any surplus upon the dissolution of the Company other than the return of the nominal value of the shares. No dividends have been declared to date. During the year all of Havells Malta Limited's 4% preference shares were converted into Ordinary Shares.

During the year the Company entered into a Share Purchase Agreement dated 10th December 2015 with INESA UK Limited, a Subsidiary of Shanghai Feilo Acoustics Co. Ltd (Feilo), a company incorporated in the People's Republic of China with a listing on the Shanghai Stock Exchange. The agreement was for the sale of 80% of the Company's stake in its wholly owned subsidiary, Havells Malta Ltd. The purchase consideration was EURO 138.4million.

On 12 January 2016, prior to the sale and as part of the restructuring, the company acquired the whole share capital of 3 group companies, Havells USA inc., Havells Sylvania Illumination Chile Limited and Havells International Limited. The company also acquired a stake in Havells Sylvania Brasil Iluminacao Ltda, being 6 millionths of a share.

As part of that restructuring, the company pledged 10% of the share capital of Havells Malta Limited to Havells Sylvania Limited, a company owned by Havells Malta, as security for various intercompany debts owed by subsidiaries that were carved out prior to the sale to Feilo. The amounts owing total C8.1m and are due within 24 months of the sale date.

In February 2016 further shares with a value of C7,800,000 were subscribed for in Havells International Limited in order to meet external liabilities of that company's subsidiaries. Further monies will be needed in the next twelve months as stated above and, as no return on investment is expected (see note 4) all monies invested in Havells International Limited, Havells USA inc, Havells Sylvania Brazil Iluminacao Limitada and Havells Sylvania Iluminacion Chile Limited have been fully provided for in this year's financial statements.

It has also been agreed that with respect to the balance 20% stake, the Company has an option (put option) to the sell shares to FEILO or its associates from the period commencing from end of 18 months from the closing date of the transaction and until the end of 5 years from the closing date and FEILO or its associates have the option (call option) to acquire these shares from period commencing from the closing date until the 5th anniversary of the closing date.

Under the same agreement Havells Holdings Limited will continue to hold 100% stake in subsidiaries based in USA, Brazil, Chile and Thailand.

HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

8 Share capital

Ordinary share of £1 each	2016	2015
	EUR	EUR
124,811,912 shares brought forward	147,098,298	129,464,645
93,065,499 shares redeemed	(117,500,000)	-
14,659 shares issued at par (2015: 13,187,020)	20,000	17,633,653
Reserves transfer	4,216,837	-
31,761,072 shares carried forward	33,835,135	147,098,298

Throughout the year additional capital of €20,000 (2015: €17,633,653) was made available from the company's sole shareholder in respect of the issuance of the above shares.

During the year 93,065,499 shares were redeemed following the sale of 80% of Havells Malta Limited.

Prior to 2010 the issue of certain shares was translated at an incorrect rate of exchange. The reserve adjustment represents the transfer from retained earnings to share capital that was necessary to record the issue of those shares at the correct rates. As the adjustment does not impact on net assets or amounts distributable to shareholders, it is therefore not considered fundamental.

9 Profit and Loss Account

	2016	2015
	EUR	EUR
Balance brought forward	(5,816,361)	(5,290,648)
Profit/(Loss) for the year	9,676,435	(525,713)
Reserves transfer	(4,216,837)	-
Balance carried forward	(356,762)	(5,816,361)

10 Shareholders' Funds

	2016	2015
	EUR	EUR
Balance brought forward	141,281,937	124,173,997
Profit/(Loss) for the year	9,676,435	(525,713)
Share capital (redeemed)/issued	(117,480,000)	17,633,653
Balance carried forward	33,478,372	141,281,937

11 Subsequent Events

Included in debtors is an amount of €9,000 of share application monies paid to Havells International Limited. This was converted into A class shares on 28 April 2016. Due to the amounts owed by Havells International Limited this amount has been written off in this year financial statements.

On the 6 April 2016 the Company made an interest free loan of €1.1million to Havells USA Inc. to assist with the settlement of short term liabilities.

On the 29 April 2016 the Company made a payment of €6,853,054 to Havells International Ltd. This amount was provided for at the year end and formed part of the €7.6m provision included within creditors.