

Havells Holdings Limited

Financial Statements

31 March 2019

**HAVELLS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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HAVELLS HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Sean Kevin Dowling Ameet Kumar Gupta Anil Rai Gupta Yogesh Bansal 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 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
Registered Number	000475V

**HAVELLS HOLDINGS LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2019.

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 Statement of Comprehensive Income on page 8.

The directors do not recommend the payment of a dividend (2018: nil).

Directors

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

Sean Kevin Dowling
Ameet Kumar Gupta
Anil Rai Gupta
Yogesh Bansal
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 2019**

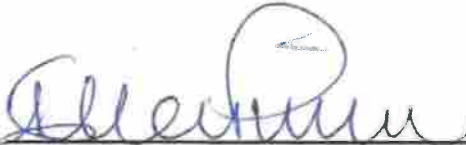
Auditor

Ernst & Young LLC as auditor have expressed their willingness to be appointed for the ensuing year.

Registered office:

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

Signed by order of the directors



A handwritten signature in blue ink, appearing to read 'A. E. ...', is written over a horizontal line. The signature is stylized and cursive.

DIRECTOR

Approved by the directors on 03 May 2019

HAVELLS HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVELLS HOLDINGS LIMITED
FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of Havells Holdings Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards - FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A - Small Entities.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Isle of Man, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

HAVELLS HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVELLS HOLDINGS LIMITED
FOR THE YEAR ENDED 31 MARCH 2019

In connection with our audit of the **financial statements**, our **responsibility** is to read the other information and, in doing so, **consider** whether the other information is materially inconsistent with the **financial statements** or our **knowledge** obtained in the audit or **otherwise** appears to be materially misstated. If we identify such material inconsistencies or **apparent material misstatements**, we are required to determine whether there is a material misstatement in the **financial statements** or a material **misstatement** of the other **information**. If, based on the work we have performed, we **conclude** that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the **directors' responsibilities statement** 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, and for such internal **control** as the directors **determine** is necessary to enable the **preparation** of **financial statements** that are free from material misstatement, whether due to fraud or error.

In preparing the **financial statements**, the **directors** are **responsible** for **assessing** the company's ability to continue as a going **concern**, **disclosing**, as applicable, matters related to going concern and using the going concern basis of accounting unless the **directors** either intend to liquidate the company or to cease operations, or have no **realistic alternative** but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain **reasonable assurance** about **whether** the financial statements as a whole are free from material misstatement, **whether** due to fraud or error, and to issue an auditor's report that includes our opinion. **Reasonable assurance** is a high level of **assurance**, but is not a guarantee that an audit conducted in **accordance** with ISAs (UK) **will always** detect a material **misstatement** when it exists. **Misstatements** can arise from fraud or error and are **considered** material if, individually or in the **aggregate**, they could **reasonably** be **expected** to influence the economic **decisions** of users taken on the basis of these **financial statements**.

A further description of our **responsibilities** for the audit of the **financial statements** is **located** on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's **report**.

Use of our report

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.

Ernst & Young LLC

Ernst & Young LLC
Chartered Accountants
Isle of Man

Date *7 May 2019*

HAVELLS HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 EUR	2018 EUR
Income			
Interest income		-	33,693
Gain on sale of investments		-	6,248,397
		-	6,282,090
Expenses			
Movement in provision for commitment to subsidiaries		2,965,474	2,365,092
Closure costs for Chilean subsidiary		(8,734)	-
Write back of previously written off loans to subsidiaries		-	81,513
Provision for claims of Feilo Group		1,125,000	(1,125,000)
Impairment of investment in subsidiaries	8	(3,131,195)	(6,181,292)
Administration expenses		(64,823)	(54,876)
Audit fees		(19,035)	(15,224)
Legal fees		(20,368)	(71,785)
Professional fees		-	(9,587)
Other professional fees		(2,228)	(2,228)
Bank charges and interest		(12,605)	(608)
Foreign exchange		(344,537)	(320,885)
Write off of amount due re Malta sale		(200,095)	-
Total Expenses		286,854	(5,334,880)
Gain for the year		286,854	947,210
Other comprehensive income		-	-
Total comprehensive income for the year		286,854	947,210

The notes on pages 11 to 15 form part of these financial statements.

HAVELLS HOLDINGS LIMITED
BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 EUR	2018 EUR
Fixed assets			
Investments	8	28,820	-
		28,820	-
Current assets			
Amount owed re sale of investments	4	-	2,500,000
Debtors and Prepayments		6,685	8,913
Cash at bank and in hand		2,795,611	3,775,737
Total current assets		2,802,296	6,284,650
Creditors: Amounts falling due within one year			
Trade Creditors	5	(39,208)	(35,633)
Provisions	5	(2,220,200)	(5,964,163)
		(2,259,408)	(5,999,796)
Net Assets		571,708	284,854
Capital and reserves			
Called-up equity share capital	9	1,850,815	1,850,815
Reserves		(1,279,107)	(1,565,961)
Shareholders' funds		571,708	284,854

The notes on pages 11 to 15 form part of these financial statements.

These financial statements were approved by the directors and authorised for issue on 3rd May 2019, and are signed on their behalf by:

DIRECTOR

DIRECTOR

HAVELLS HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital EUR	Retained Earnings EUR	Total EUR
At 1 April 2017	33,835,135	(8,497,491)	25,337,645
Total comprehensive income for the year	-	947,210	947,210
Shares redeemed	(31,984,320)	5,984,320	(26,000,000)
At 31 March 2018	1,850,815	(1,565,961)	284,855
At 1 April 2018	1,850,815	(1,565,961)	284,855
Total comprehensive income for the year	-	286,854	286,854
At 31 March 2019	1,850,815	(1,279,107)	571,709

The notes on pages 11 to 15 form part of these financial statements.

1 Accounting policies

Basis of accounting and statement of compliance

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards including the Financial Reporting Standard 102 Section 1A - Smaller Entities 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102 Section 1 A') and the Companies Act 2006. 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 statement of comprehensive income.

Investments

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

Group Accounts

The Company has not prepared consolidated financial statements as permissible under FRS 102 Section 1A.

Cash Flow Statement

The Company has not prepared a cash flow statement as permissible under FRS 102 Section 1A.

Cash at bank and in hand

Cash is defined as cash in hand, demand deposits and short term, highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Share Capital

The issuance, acquisition and cancellation of shares are accounted for as equity transactions.

Upon the issuance of shares, the consideration is included in equity.

Own equity shares that are reacquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The company's policy is not to keep shares in treasury, but, rather, to cancel them once repurchased. No gain or loss is recognised in the statement of comprehensive income on the purchase, issuance or cancellation of the company's own shares.

HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2 Critical Accounting Estimates and Judgements

No significant judgements have had to be made by the directors in preparing these financial statements.

The directors have made key assumptions in the determination of the fair value of the investment in subsidiaries and the level of provisions required as noted in notes 5 and 8.

3 Other operating income

Operating loss is stated after charging:

	2019 EUR	2018 EUR
Auditor's fees	19,035	15,224
Net loss on foreign currency translation	344,537	320,885
	363,572	336,109

4 Debtors

	2019 EUR	2018 EUR
Amount owed re sale of Feilo Malta Ltd (previously Havells Malta Ltd)	-	2,500,000
	-	2,500,000

The Company was owed €2,500,000 by Shanghai Feilo Acoustics Co Ltd as part of a deferred payment on the sale of Havells Malta Limited in the previous financial year. As part of the settlement agreement dated 31 July 2018, this amount was reduced by €200,000 due to losses in the Thai subsidiaries management accounts.

5 Creditors: Amounts falling due within one year

	2019 EUR	2018 EUR
Trade creditors and accruals	39,208	35,633
Provision for claims of Feilo Group (\$)	-	1,125,000
Provision for intercompany liabilities (\$)	2,220,200	2,030,713
Provision for liabilities of subsidiaries (\$)	-	2,808,449
	2,259,408	5,999,795

At the 2016 year end a provision was made against various liabilities of the subsidiaries acquired in that year as part of the sale of Feilo Malta Limited (previously Havells Malta Limited). The subsidiaries had certain external liabilities which they would not be able to settle from internal sources because of retained losses. The Company, as the parent, committed to give the subsidiaries financial support however as no return on capital is expected for this support a provision has been made. The provision was utilised during the 2018 year in the sum of €3,743,962, and has now been disclosed separately for liabilities of subsidiaries and intercompany liabilities.

5 Creditors: Amounts falling due within one year (continued)

A provision of €1,125,000 was made in the previous year in relation to a claim that had been made against the Company. This claim has been settled in the sum of €800,000 as part of the agreement signed on 31 July 2018. Details of the claim have been disclosed in note 10.

During the previous year ended 31 March 2018 the Company agreed to transfer its shareholding in Havells Sylvania Brasil Iluminacao Ltda. As part of this transaction Havells International Limited, a subsidiary of the company, was assigned the liabilities of Havells Sylvania Brasil Iluminacao Ltda. This resulted in an additional provision of US\$ 3,457,467 which has been settled in the current year, as disclosed separately as detailed in note 10.

6 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 are 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.

7 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, 904, 9th Floor, Surya Kiran Building, K G Marg, Connaught Place, Dehli 110001, India.

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 €64,823 (2018: €54,876) during the year ended 31 March 2019 for the provision of administration and registered agent services. At the balance sheet date Estera was owed €17,430 (2018: €23,675).

HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8 Investments

Investment in Havells International Limited

	'A' Class Shares	Total
	EUR	EUR
Cost/fair value		
Balance brought forward	18,136,592	18,136,592
Impairment brought forward	(18,136,592)	(18,136,592)
Investment in year	3,160,015	3,160,015
Impairment in year	(3,131,195)	(3,131,195)
Net book value		
Balance carried forward	28,820	28,820

Investment in Havells USA Inc.

	'A' Class Shares	Total
	EUR	EUR
Cost/fair value		
Balance brought forward	939	939
Impairment brought forward	(939)	(939)
Net book value		
Balance carried forward	-	-

Investment in Havells Sylvania Iluminacion Chile Limited

	'A' Class Shares	Total
	EUR	EUR
Cost/fair value		
Balance brought forward	939	939
Impairment brought forward	(939)	(939)
Net book value		
Balance carried forward	-	-

Total Investments Held

28,820

Subsidiary	Domicile	Share Class	Holding %
Havells International Limited	IoM	A	100
Havells USA Inc.	USA	A	-
Havells Sylvania Iluminacion Chile Limited	Chile	A	100

In February 2016 further shares with a value of €7,800,000 were subscribed for in Havells International Limited in order to meet external liabilities of that company's subsidiaries. During the 2017 year end a further €4,154,000 was subscribed for and in the 2018 year end a further €6,181,292 on the same basis and, as no return on investment is expected (see note 5) 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 against or written off in full. Further shares with a value of €3,160,015 were subscribed for in Havells International Limited (HIL) in order to fund the external liabilities as part of a settlement agreement reached in July 2018. Subsequently HIL has been liquidated and the value of the Company's investment in HIL has been impaired to reflect the final liquidation distribution of €28,820.

Havells Holdings Limited will continue to hold 100% stake in the subsidiary based in Chile.

HAVELLS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9 Share capital

Ordinary share of £1 each	2019 EUR	2018 EUR
31,761,072 shares brought forward	1,850,815	33,835,135
30,023,710 shares redeemed	-	(31,984,320)
1,737,362 shares carried forward	1,850,815	1,850,815

During the previous year ended 31 March 2018 30,023,710 shares were redeemed at a price of €1.065 per share following the sale of the final 20% holding of Feilo Malta Limited (previously Havells Malta Limited). The total redemption payment was €26,000,000. The difference between the proceeds paid and the present value of the shares redeemed was taken directly to retained earnings.

10 Claims made against the company

On the 25 September 2017 a claim was made by INESA UK Limited against the Company in respect of an alleged environmental claim that was not disclosed as part of the Share Purchase Agreement entered into between INESA and the Company, in December 2015. Management and the directors robustly defended this claim on the grounds that it is not an environmental claim, together with the belief that the time period set out in the Share Purchase Agreement for raising a claim against the Company, has passed. No monetary amount was assigned to this claim and therefore no actual provision was made, estimated or included within the prior year's financial statements.

On the 2 February 2018 a formal claim was filed by INESA UK Limited against the Company in relation to an intercompany loan that was allegedly not disclosed as part of the Share Purchase Agreement entered into between INESA and the Company, in December 2015. The amount in respect of the claim is \$2,628,000. The directors and management defended this claim but envisaged that the claim would be settled by way of a payment representing 50% of the claim amount. Therefore, a provision of €1,125,000 was included within the 2018 year end provision balance. As part of the settlement agreement entered into on 31 July 2018, a payment in the sum €800,000 was made in full and final settlement of this and all other claims against the Company. These funds were paid as part of the movements in the provision as stated in note 5.