

Havell's Netherlands 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 Havell's Netherlands 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 and finance company. The ultimate holding company is Havell's India Limited, India.

Overview of activities

During the year the Company entered into a loan agreement with Standard Chartered Bank for an amount of Eur 12,000,000. The Company subsequently issued a loan in the same amount to its subsidiary, Havells Netherland B.V. Furthermore, the Company entered into a management agreement with Havells Sylvania Europe Limited regarding the financing agreement of the group. The Company also acquired 140,000 additional shares in the capital of Havells Netherlands B.V. with a nominal value of Eur 100 each for a total amount of Eur 14,000,000.

The Company did not start up any other activity during the financial year under review.

Results

The net asset value of the Company as at 31 December 2013 amounts to EUR 83,959,850 (2012: EUR (59,221,905)). The result for the year 2012 amounts to a profit of EUR 137,944 (2012: EUR 90,068 loss).

Liquidity and capital resources

Liquidity increased slightly and shareholder's equity has increased with contribution in capital from shareholder and the profit of the year.

Liquidity and capital are considered sufficient in view of the nature of the Company's business.

Financial instruments

The Company entered into a loan contract with Standard Chartered Bank for an amount of Eur 12,000,000. The loan bears 4,048% interest per annum. The loan will be repaid after 36 months EUR 3,000,000, after 42 months EUR 4,500,000 and after 48 months (termination date) EUR 4,500,000.

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

Mr. Armandus Martijn Lustig
appointed 05/02/2014


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


Mr. Sushil Singhal

Balance sheet as at 31 December 2013

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

	Notes	2013	2012
Fixed assets			
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>
Current assets			
Debtors			
Amounts owed by group entities	2	17,724,074	5,866,961
Prepayments and accrued income	3	450,962	-
Cash and equivalents	4	6,229	-
<i>Total current assets</i>		<u>18,181,266</u>	<u>5,866,961</u>
Current liabilities (due within one year)			
Amounts due to group entities	5	-	24,601,049
Other liabilities	6	182,752	5,343
<i>Total current liabilities</i>		<u>182,752</u>	<u>24,606,392</u>
Current assets less current liabilities		<u>17,998,513</u>	<u>(18,739,431)</u>
Total assets less current liabilities		95,959,849	59,221,905
Long term liabilities (due after one year)			
Loans	7	12,000,000	-
Net asset value		<u>83,959,849</u>	<u>59,221,905</u>
Capital and reserves			
8			
Paid up and called up share capital		141,041,000	116,441,000
Other reserves		(57,219,095)	(57,129,027)
Unappropriated results		137,944	(90,068)
<i>Total Capital and reserves</i>		<u>83,959,849</u>	<u>59,221,905</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)			
Financing activities			
Interest on loans to group entities	9	194,596	32,233
Interest on loans	10	(382,132)	20,873
<i>Result financing activities</i>		<u>(187,536)</u>	<u>53,106</u>
Other income and expenses			
Management fees	11	476,251	
General and administrative expenses	12	(46,702)	(21,097)
Depreciation finance cost	13	(104,068)	-
<i>Total other income and expenses</i>		<u>325,480</u>	<u>(21,097)</u>
Result before corporate income taxation		<u>137,944</u>	<u>32,009</u>
Corporate income tax	14	-	(122,077)
Result after corporate income taxation		<u><u>137,944</u></u>	<u><u>(90,068)</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 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

Investments in subsidiaries are stated at last years value Due to the expected positive cashflows from the operation in the future this was seen as a "fair value" for the worth of the investment.

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:

	31.12.2013	31.12.2012
1 EUR = USD (US dollar)	1,3815	1.3221
1 EUR = GBP (Pound sterling)	0.8359	0.8184

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

Provisions for taxation have been made in accordance with Dutch corporate income tax law.

	2013	2012
	EUR	EUR

Balance sheet

1 Interests in group entities		Owned		
Name	Domicile			
Havells 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. 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>

2 Amounts owed by group entities

Havells Netherlands B.V.	12,000,000	-
Havells Sylvania Europe Ltd	5,724,074	5,866,961
	<u>17,724,074</u>	<u>5,866,961</u>

The loan to Havells Netherlands B.V. has not been secured, has no maturity and is without interest.

Balance as per 1 January	-
Increase/(decrease)	12,000,000
Currency exchange rate differences	-
Balance as per 31 December	<u>12,000,000</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	5,866,961
Increase/(decrease)	(142,887)
Currency exchange rate differences	-
Balance as per 31 December	<u>5,724,074</u>

3 Prepayments and accrued income

Prepaid finance costs	450,962	-
	<u>450,962</u>	<u>-</u>

The prepaid finance costs are related to loan facility received from Standard Chartered Bank.

The prepaid finance costs will be depreciated over a time period of 4 years.

Balance as per 1 January	-
Increase/(decrease)	555,031
Amortization	(104,068)
Balance as per 31 December	<u>450,962</u>

4 Cash and Equivalents

Standard Chartered Bank	6,229	-
	<u>6,229</u>	<u>-</u>

5 Amounts due to group entities

I/c shareholder	-	24,600,000
Havells Sylvania Lighting Belgium N.V.	-	1,049
	<u>-</u>	<u>24,601,049</u>

6 Other liabilities

Third party payables	5,112	5,343
Accrued interest	18,891	-
accrued Management fees	158,749	-
	<u>182,752</u>	<u>5,343</u>

7 Loans

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

The loan is unsecured and bears 4,048% 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 19 December 2012 it was decided to add the balance of the unappropriated result 2011 to the other reserves.

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Unappr.results</u>
Balance as per 01.01.2012	102,641,000	-	(53,471,700)	(3,657,327)
Paid-in / (repaid)	13,800,000	-	-	-
Transfer	-	-	(3,657,327)	3,657,327
Dividend	-	-	-	-
Interest rate swap	-	-	-	-
Result for the period	-	-	-	(90,068)
Balance as per 01.01.2013	<u>116,441,000</u>	<u>-</u>	<u>(57,129,027)</u>	<u>(90,068)</u>
Paid-in / (repaid)	24,600,000	-	-	-
Transfer	-	-	(90,068)	90,068
Dividend	-	-	-	-
Result for the period	-	-	-	137,944
Balance as per 31.12.2013	<u>141,041,000</u>	<u>-</u>	<u>(57,219,095)</u>	<u>137,944</u>

	2013	2012
	EUR	EUR
Profit and loss account		
9 Interest on loans to group entities		
Havells Sylvania Europe Ltd	194,596	32,233
	<u>194,596</u>	<u>32,233</u>
10 Interest on loans		
Standard Chartered Bank	(382,132)	
Barclays term loan	-	20,873
	<u>(382,132)</u>	<u>20,873</u>
11 Management fees		
Havells Sylvania Europe Ltd	476,251	
	<u>476,251</u>	<u>-</u>
12 General and administrative expenses		
Bank charges	(1,014)	(1,289)
Professional fees	(45,688)	(19,808)
	<u>(46,702)</u>	<u>(21,097)</u>
13 Depreciation finance cost		
Depreciation finance cost	(104,068)	-
	<u>(104,068)</u>	<u>-</u>
14 Corporate income tax		
Provision for C.I.T. 2013 (2012)	-	(122,077)
	<u>-</u>	<u>(122,077)</u>

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 (2012: four) managing directors, two of which receive a remuneration.
The Company has no (2012: none) supervisory directors.

Amsterdam, 27 March 2014



Mr. Anil Rai Gupta


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


Mr. Sushil Singhal

Mr. Armandus Martijn Lustig
appointed 03/02/2014



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

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.