

**Flowil International Lighting (Holding) B.V.**  
**Amsterdam**

**Annual report and accounts**  
**for the year 2014**

<b><u>Table of contents:</u></b>	<b><u>page</u></b>
<b>Annual report</b>	
Report of the management	3
Balance sheet as at 31 December 2014	4
Profit and loss account for the year 2014	5
Notes to the annual accounts for the year ended 31 December 2014	6
<b>Other information</b>	
Appropriation of results	12
Audit of annual accounts	12
Subsequent events	12

Flowil International Lighting (Holding) B.V., Amsterdam

#### Report of the management

Management herewith presents to the shareholders the annual accounts of Flowil International Lighting (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 company. The ultimate holding company is Havells India Limited, India.

#### Overview of activities

The Company made capital contributions in the amount of EUR 11,375 to Havells Sylvain Thailand.

#### Results

The net asset value of the Company as at 31 December 2014 amounts to EUR 22,661,982 (31 December 2013: EUR 6,529,202). The result for the year 2014 amounts to a profit of EUR 24,421,229 (2013: EUR 6,772,538 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 does not make use of financial instruments nor of related risk management activities. The Company makes use of cashpooling.

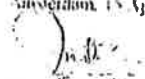
#### Staff numbers and employment costs

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

  
Director, Netherlands B.V.

  
Mr. Gunther Axel Reinder Waris

  
Mr. Anil Rai Gupta

**Flowil International Lighting (Holding) B.V., Amsterdam**

**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>			
<b>Financial fixed assets</b>			
Interests in group entities	1	132,863,830	139,401,400
<i>Total fixed assets</i>		<u>132,863,830</u>	<u>139,401,400</u>
<b>Current assets</b>			
<b>Debtors</b>			
Amounts owed by group entities	2	3,780,591	3,714,805
VAT	3	13,881	12,288
Other receivables	4	-	360,326
Cash and Equivalents	5	79,197	2,856
<i>Total current assets</i>		<u>3,873,669</u>	<u>4,090,275</u>
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities	6	96,715,887	104,010,105
Accruals and deferred income	7	17,356,630	32,957,368
<i>Total current liabilities</i>		<u>114,072,517</u>	<u>136,967,473</u>
<b>Current assets less current liabilities</b>		<u>(110,198,848)</u>	<u>(132,877,198)</u>
<b>Total assets less current liabilities</b>		22,664,982	6,524,202
<b>Net asset value</b>		<u>22,664,982</u>	<u>6,524,202</u>
<b>Capital and reserves</b>			
Paid up and called up share capital	8	28,800	28,800
Share premium account		90,308,409	90,308,409
Direct equity movements		(6,252,586)	2,023,000
Other reserves		(85,840,870)	(92,608,545)
Unappropriated results		24,421,229	6,772,538
<i>Total shareholder's equity</i>		<u>22,664,982</u>	<u>6,524,202</u>

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

**Flowil International Lighting (Holding) B.V., Amsterdam**

**Profit and loss account for the year 2014**

(Expressed in Euros)	Notes	2014	2013
<b>Holding activities</b>			
Returns on investments	9	22,015,810	5,673,566
<i>Result holding activities</i>		<u>22,015,810</u>	<u>5,673,566</u>
<b>Financing activities</b>			
Interest on loans to group entities	10	662,653	676,107
Interest on loans from group entities	11	(1,123,899)	(2,174,973)
<i>Result financing activities</i>		<u>(461,246)</u>	<u>(1,498,867)</u>
<b>Other financial income and expenses</b>			
Currency exchange rate differences	12	46,292	(58,733)
<i>Total other financial income and expenses</i>		<u>46,292</u>	<u>(58,733)</u>
<b>Other income and expenses</b>			
Other income	13	3,188,493	3,382,441
General and administrative expenses	14	(308,303)	(663,315)
<i>Total other income and expenses</i>		<u>2,880,190</u>	<u>2,719,126</u>
<b>Result before corporate income tax</b>		<u>24,481,046</u>	<u>6,835,092</u>
Corporate income tax	15	(59,818)	(62,554)
<b>Result after corporate income tax</b>		<u>24,421,229</u>	<u>6,772,538</u>

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

## Flowil International Lighting (Holding) B.V., Amsterdam

### 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 4 September 1992 and has its statutory seat in Amsterdam. The direct shareholder is SLI Europe B.V. and the ultimate holding company is Havells India Ltd. The principal activity of the Company is to act as a holding and finance company and its 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 in the Company's accounts at the Company's share of the net asset value of the subsidiary. Net asset value is calculated using the accounting policies applied in these annual accounts. Participating interests whose financial information cannot be aligned to these policies are valued based on their own accounting policies. Participating interests with an equity deficit are carried at NIL.

A provision is formed if and when the Company is fully or partially liable for the debts of the participating interest, or has the firm intention to allow the participating interest not to repay its debts.

Receivables included in the financial fixed assets are valued at face value less provisions where necessary.

##### **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 except for exchange differences on the British Pound denominated share premium and capital contribution which are translated into Euros at historic exchange rates. 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)	1.21650	1.38150
1 EUR = GBP (Pound sterling)	0.78180	0.83590

##### **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**

Where significant influence is exercised over associated companies, the share of the legal entity in the associated companies' results is included in the profit and loss account.

Where no significant influence is exercised or the associate is valued at cost, the dividend income is accounted for in the profit and loss as financial income.

##### **f. Corporate income tax**

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

		2014	2013
		EUR	EUR
<b>Balance sheet</b>			
<b>1 Interests in group entities</b>			
The net asset value per group entity is:			
<i>Direct subsidiaries</i>			
<u>Name</u>	<u>Domicile</u>	<u>Owned</u>	
Havells Sylvania Lighting France S.A.	France	99.99% (2013 = 99.99%)	11,119,070
Havells Sylvania Germany GmbH	Germany	99.99% (2013 = 99.99%)	2,476,560
Havells Sylvania Fixtures Netherlands B.V.	Netherlands	99.99% (2013 = 99.99%)	4,902,560
Havells Sylvania Switzerland AG	Switzerland	100% (2013 = 100%)	1,262,160
Havells Sylvania Lighting Belgium N.V.	Belgium	99.99% (2013 = 99.99%)	14,537,920
Havells Sylvania Belgium B.V.B.A	Belgium	99.99% (2013 = 99.99%)	119,400
Havells Sylvania Sweden A.B.	Sweden	100% (2013 = 100%)	-
Havells Sylvania Norway A.S.	Sweden	100% (2013 = 100%)	-
Havells Sylvania Finland OY	Finland	100% (2013 = 100%)	328,490
Havells Sylvania Tunisia SARL	Tunisia	99.99% (2013 = 99.99%)	-
Havells Sylvania Spain	Spain	99.99% (2013 = 99.99%)	2,098,970
Havells Sylvania Portugal Lda	Portugal	99.64% (2013 = 99.64%)	1,532,580
Havells Sylvania Italy S.p.A	Italy	99.99% (2013 = 99.99%)	1,913,690
Havells Sylvania Greece A.E.E.E.	Greece	99.99% (2013 = 99.99%)	-
Havells Sylvania South Africa Ltd	South Africa	100% (2013 = 100%)	-
Havells Sylvania Poland sp.z.o.o.	Poland	100% (2013 = 100%)	-
Havells Sylvania Europe Limited	United Kingdom	100% (2013 = 100%)	60,786,430
Havells Sylvania (Guangzhou) Enterprise Ltd	China	100% (2013 = 100%)	-
Havells Sylvania Asia Pacific Limited	Hong Kong	100% (2013 = 100%)	4,629,940
Havells Sylvania (Thailand) Limited	Thailand	48.99% (2013 = 48.99%)	1,800,270
Havells Sylvania Indonesia	Indonesia	74.00% (2013 = 74.00%)	-
	<b>Total interest in group entities</b>		<b>107,508,040</b>
			<b>120,007,400</b>
<i>Indirect subsidiaries</i>			
<u>Name</u>	<u>Domicile</u>		
Havells Sylvania Fixtures UK Limited	United Kingdom		7,627,710
Havells Sylvania UK Ltd	United Kingdom		1,579,000
Havells Sylvania Shanghai Limited	China		-
Havells Sylvania France S.A.S.	France		12,644,900
Havells Sylvania Dubai FZCO	United Arab Emirates		3,485,590
Thailand Light Asset Company	Thailand		18,590
Havells Sylvania Malaysia	Malaysia		-
			<b>25,355,790</b>
			<b>19,394,000</b>
	<b>Total interest in group entities</b>		<b>132,863,830</b>
			<b>139,401,400</b>

The investments of the subsidiaries are stated against net asset value.

Movements in the interests in group entities have been as follows:

Balance as per 1 January	120,007,400
Acquisitions	11,375
Other Comprehensive Income (Loss)	(8,269,945)
Dividends	(5,000,000)
Result of the year	6,721,000
Balance as per 31 December	<u>113,469,830</u>

	2014	2013
	EUR	EUR
<b>2 Amounts owed by group entities</b>		
Havells Sylvania (Thailand) Ltd	2,067,848	1,605,076
Havells Sylvania South Africa	498,094	742,871
Havells Sylvania Spain	-	5,842
Havells Inc	-	175,000
Havells Sylvania Tunisia SARL	-	-
Havells Sylvania Europe Ltd	1,214,649	1,186,016
	<u>3,780,591</u>	<u>3,714,805</u>

The amounts owed by group entities consist mainly of royalty income receivable from Havells Sylvania Limited Thailand and Havells Sylvania Europe Limited and Havells Inc. The amount receivable from Havells Sylvania South Africa is short term intercompany receivable that is non interest bearing.

As Havells Sylvania Tunisia SARL has a negative net asset value, the loan the Company provided to Havells Sylvania Tunisia SARL with a principal amount of EUR 17,118,366 has been written down to nihil for reason of prudence.

<b>3 VAT</b>		
Prepaid VAT	13,881	12,288
	<u>13,881</u>	<u>12,288</u>

<b>4 Other receivables</b>		
Other receivable Osram	-	360,326
	<u>-</u>	<u>360,326</u>

The receivable from Osram is in connection with royalties income the use of Company's patent.

<b>5 Cash and other equivalents</b>		
Deutsche Bank USD		
HSBC USD	3,652	2,856
HSBC GBP	35,924	
HSBC EURO	12,791	
	26,830	
	<u>79,197</u>	<u>2,856</u>

The balances are at the free disposal of the Company.

	interest rate		
<b>6 Amounts due to group entities</b>			
Havells Sylvania Lighting Belgium N.V.	3.2221%	5,920,124	5,917,389
Havells Sylvania Germany GmbH	3.2221%	17,694,420	17,693,870
Havells Sylvania Switzerland AG	2.9211%	2,309,953	2,268,330
Havells Sylvania Fixtures Netherlands B.V.		-	-
Havells Sylvania Netherlands BV	0.0000%	66,294,515	67,294,515
Havells Sylvania Sweden AB	3.2221%	-	901,175
Havells Sylvania Europe Ltd	3.3471%	-	1,464,620
Havells Sylvania Italy S.p.A	3.2221%	4,496,874	4,496,734
Havells Sylvania Spain S.A.	3.2221%	-	3,973,471
		<u>96,715,887</u>	<u>104,010,105</u>

The contracts for the loans mentioned in this Note are for a maximum period of one month and is recurring. Due to the changing interest rates applicable to the loans at the respective drawdown dates, the interest rates stated in this Note are the rates applicable as per 31st of December 2014. The rates applicable for the calculation of interest receivable varied in the course of the financial year. Interest on these loans is also settled on a monthly basis where applicable.



	2014	2013
	EUR	EUR
<b>7 Accruals and deferred income</b>		
Accounts payable trade	138,086	340,555
Accrued professional fees	7,926	4,667
Accrued patent costs	92,252	114,376
Provisions	17,118,366	32,497,771
	<u>17,356,630</u>	<u>32,957,368</u>

The provision relates to the loan the Company provided to Havells Sylvania Tunisia SARL which has been written down to nihil as mentioned in note 4.

**8 Capital and reserves**

The authorised share capital of the Company amounts to EUR 90,000 divided into 200 shares of EUR 450 each. Issued and paid up are 64 shares of EUR 450 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>Equity</u>	<u>Other reserves</u>
Balance as per 01.01.2013	28,800	90,308,409	-	(115,414,998)
Transfer	-	-	-	24,829,453
Dividend	-	-	-	-
Result for the period	-	-	2,023,000	(2,023,000)
Balance as per 01.01.2014	<u>28,800</u>	<u>90,308,409</u>	<u>2,023,000</u>	<u>(92,608,545)</u>
Transfer	-	-	-	(4,863)
Dividend	-	-	-	-
Result for the period	-	-	(8,275,586)	6,772,538
Balance as per 31.12.2014	<u>28,800</u>	<u>90,308,409</u>	<u>(6,252,586)</u>	<u>(85,840,870)</u>

	<u>Unappr.results</u>
Balance as per 01.01.2013	24,829,453
Paid-in / (repaid)	-
Transfer	(24,829,453)
Dividend	-
Result for the period	6,772,538
Balance as per 01.01.2014	<u>6,772,538</u>
Paid-in / (repaid)	-
Transfer	(6,772,538)
Dividend	-
Result for the period	24,421,229
Balance as per 31.12.2014	<u>24,421,229</u>

On May 30, 2012 the shares of the Company have been pledged to HSBC bank. Translation adjustment has been transferred to other reserves as the company is nominated in euro since 2002

	2014	2013
	EUR	EUR
<b>Profit and loss account</b>		
<b>9 Returns on investments</b>		
Release provision	15,294,810	-
Result interest in group entities	6,721,000	5,673,566
	<u>22,015,810</u>	<u>5,673,566</u>
<b>10 Interest on loans to group entities</b>		
Havells Sylvania Lighting France SA	-	35,721
Havells Sylvania Tunisia S.A.R.L.	596,195	634,727
Havells Sylvania Thailand Limited	32,744	-
Havells Sylvania South Africa	33,715	5,659
	<u>662,653</u>	<u>676,107</u>
<b>11 Interest on loans from group entities</b>		
Havells Sylvania Lighting Belgium N.V.	(190,023)	(207,748)
Havells Sylvania Germany GmbH	(578,344)	(732,867)
Havells Sylvania Europe Ltd	(23,479)	19,559
Havells Sylvania Italy S.p.A.	(146,981)	(157,871)
Havells Sylvania Fixtures Netherlands B.V.	-	(108,685)
Havells Sylvania Spain S.A.	(117,293)	(139,485)
Havells Netherlands B.V.	-	(735,241)
Havells Sylvania Switzerland AG	(67,779)	(112,634)
	<u>(1,123,899)</u>	<u>(2,174,973)</u>
<b>12 Currency exchange rate differences</b>		
On financing participations	46,292	(58,733)
	<u>46,292</u>	<u>(58,733)</u>

	2014 EUR	2013 EUR
<b>13 Other income</b>		
Royalty income	1,188,493	3,382,441
	<u>3,188,493</u>	<u>3,382,441</u>
<p>The royalty income is in connection with the exploitation of Trade Marks owned by the Company. The Company grants concession for the use of the Trade Marks to group entities as well as to third parties. Some of the Trade Marks include Sylvania, Brite Spot, Sylvania Home, LYNX, OCTRON, SLI-Logo e.t.c</p>		
<b>14 General and administrative expenses</b>		
Notary & lawyer fees	(4,811)	(22,574)
Other professional services	(60,247)	(44,954)
Patent costs	(225,001)	(577,004)
General and administrative expenses	(14,271)	(13,925)
Bank charges	(3,973)	(4,858)
	<u>(308,303)</u>	<u>(663,315)</u>
<b>15 Corporate income tax</b>		
Income Tax	(59,818)	(62,554)
	<u>(59,818)</u>	<u>(62,551)</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 (previous year: four) managing directors, two which receive a remuneration. The Company has no (previous year: none) supervisory directors

Amsterdam, 15 April 2015

Mr. Amit Rai Gupta

Intertrust Netherlands B.V.

Mr. Gunther Axel Reinder Warris

Director of the Board

Mr. Amit Kumar Gupta

**Flowil International Lighting (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 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 of 24 May 2012.

**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**

The Company repaid all its outstanding short term loan contracts on the 21st of January 2014. The Company has also entered into new short term loan contracts.