

Havell's Netherlands Holding B.V.
Amsterdam

Annual report and accounts
for the year 2010

<u>Table of contents:</u>	<u>page</u>
Annual report	
Report of the management	3
Balance sheet as at 31 December 2010	4
Profit and loss account for the year 2010	5
Notes to the annual accounts for the year ended 31 December 2010	6
Other information	
Appropriation of results	11
Audit of annual accounts	11
Subsequent events	11

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 2010

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 received a share capital contribution from its shareholder Havells Malta Ltd. amounting EUR 30,270,000.

Furthermore , the Company made a share capital contribution to its subsidiary Havells Netherlands B.V. amounting EUR 23,000,000.

Results

The net asset value of the Company as at 31 December 2010 amounts to EUR 40,339,300 (2009: EUR (9,688,838)) .
The result for the year 2010 amounts to a loss of EUR 380,462 (2009: EUR 2,639,242 profit).

Liquidity and capital resources

Liquidity has increased and shareholder's equity has mainly increased due to the share capital contribution. Both are considered sufficient in view of the nature of the Company's business.

Financial instruments

The Company seeks to limit the interest risk exposure on the long term loans through the use of derivative financial instruments, which allow it to hedge cash flows by swapping floating rates to fixed rates.

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 June 2011

Mr. A Gupta

Mr. G.F. Nicolai

Mr. S.I. Rep

Mr. S. Singhal

Balance sheet as at 31 December 2010

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

	Notes	2010	2009
Fixed assets			
Financial fixed assets			
Interests in group entities	1	52,961,336	29,961,336
<i>Total fixed assets</i>		<u>52,961,336</u>	<u>29,961,336</u>
Current assets			
Debtors			
Amounts owed by group entities	2	11,107,979	10,593,162
Prepayments and accrued income	3	120,094	173,454
<i>Total current assets</i>		<u>11,228,073</u>	<u>10,766,616</u>
Current liabilities (due within one year)			
Amounts due to group entities	4	315	-
Other liabilities	5	7,109,460	7,632,447
<i>Total current liabilities</i>		<u>7,109,775</u>	<u>7,632,447</u>
Current assets less current liabilities		<u>4,118,298</u>	<u>3,134,169</u>
Total assets less current liabilities		57,079,634	33,095,505
Long term liabilities (due after one year)			
Loans	6	16,740,334	23,406,667
Net asset value		<u><u>40,339,300</u></u>	<u><u>9,688,838</u></u>
Capital and reserves			
Paid up and called up share capital	7	93,811,000	63,541,000
Share premium account		-	-
Other reserves		(53,852,162)	(56,491,404)
Unappropriated results		380,462	2,639,242
<i>Total shareholder's equity</i>		<u><u>40,339,300</u></u>	<u><u>9,688,838</u></u>

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

Profit and loss account for the year 2010

	Notes	2010	2009
(Expressed in euros)			
Financing activities			
Interest on loans to group entities	8	95	1,600
Interest on loans	9	(341,856)	(1,332,257)
<i>Result financing activities</i>		<u>(341,762)</u>	<u>(1,330,657)</u>
Other income and expenses			
General and administrative expenses	10	(111,371)	(153,777)
Depreciation finance cost	11	(53,359)	(53,359)
<i>Total other income and expenses</i>		<u>(164,730)</u>	<u>(207,136)</u>
Result before taxation		<u>(506,492)</u>	<u>(1,537,793)</u>
Corporate income tax	12	886,954	4,177,035
Result after taxation		<u><u>380,462</u></u>	<u><u>2,639,242</u></u>

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

Notes to the annual accounts for the year ended 31 December 2010

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 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 plus an increase in investment of EUR 23,000,000. Due to the increase in investment and the expected positive cashflows from the operation in the future this was seen as a "fairvalue" 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:

	31.12.2010	31.12.2009
1 EUR = USD (US dollar)	1,3282	1,4300
1 EUR = GBP (Pound sterling)	0.8629	0.8932

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.

	2010	2009
	EUR	EUR

Balance sheet

1 Interests in group entities	<u>Name</u>	<u>Domicile</u>	<u>Owned</u>		
	Havell's Netherlands B.V.	Amsterdam, The Netherlands	100%	52,961,336	29,961,336
				<u>52,961,336</u>	<u>29,961,336</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	29,961,336
Additions	23,000,000
Disposals	-
Balance as per 31 December	<u>52,961,336</u>

2 Amounts owed by group entities		
Havells Sylvania Fixture Netherlands B.V.	9,192,843	8,305,889
Havells Sylvania Europe Ltd	1,915,136	2,287,273
	<u>11,107,979</u>	<u>10,593,162</u>

3 Prepayments and accrued income		
Prepaid finance costs	120,094	173,454
	<u>120,094</u>	<u>173,454</u>

The prepaid finance costs will be depreciated over a time period of 6 years.

4 Amounts due to group entities		
Havells Sylvania Lighting Belgium N.V.	315	-
	<u>315</u>	<u>-</u>

5 Other liabilities		
Third party payables	11,442	17,471
Interest Rate Swap	73,761	129,838
Barclays term loan	6,659,667	6,660,000
Barclays loan interest payable	364,590	825,138
	<u>7,109,460</u>	<u>7,632,447</u>

	2010	2009
	EUR	EUR
6 Loans		
Barclays term loan	3,340,334	10,006,667
Havells Holding Ltd (Isle of Man)	13,400,000	13,400,000
	<u>16,740,334</u>	<u>23,406,667</u>

The Barclays term loan has not been secured, has no maturity and bears interest of Euribor plus a margin per annum.

Balance as per 1 January	10,006,667
Increase/(decrease)	(6,666,333)
Currency exchange rate differences	-
Balance as per 31 December	<u>3,340,334</u>

The loan from Havells Holding Ltd has not been secured, has no maturity and bears no interest.

Balance as per 1 January	13,400,000
Increase/(decrease)	-
Currency exchange rate differences	-
Balance as per 31 December	<u>13,400,000</u>

The Company seeks to limit the interest risk exposure on the long term loans through the use of derivative financial instruments, which allow it to hedge cash flows by swapping floating rates to fixed rates. At the balance sheet date the open interest rate contract had a notional principle amount of EUR 30,000,000. The interest rates vary from 4.65% - 5.5% based on EURIBOR. If EURIBOR is less than 5.5% then the Company pays either 4.65% or EURIBOR depending on certain criteria. If EURIBOR is over 5.5% then it either pays EURIBOR less a cap or EURIBOR depending on certain criteria. The contract expires on 21 April 2012.

7 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 938,110 shares of EUR 100 each.

In the annual general meeting of shareholders held on 25 January 2011 it was decided to add the balance of the unappropriated result 2009 to the other reserves.

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Unappr.results</u>
Balance as per 01.01.2009	47,641,000	-	(32,404,638)	(23,513,766)
Paid-in / (repaid)	15,900,000	-	-	-
Transfer	-	-	(23,513,766)	23,513,766
Dividend	-	-	-	-
Interest rate swap	-	-	(573,000)	-
Result for the period	-	-	-	2,639,242
Balance as per 01.01.2010	<u>63,541,000</u>	<u>-</u>	<u>(56,491,404)</u>	<u>2,639,242</u>
Paid-in / (repaid)	30,270,000	-	-	-
Transfer	-	-	2,639,242	2,639,242
Dividend	-	-	-	-
Result for the period	-	-	-	380,462
Balance as per 31.12.2010	<u>93,811,000</u>	<u>-</u>	<u>(53,852,162)</u>	<u>380,462</u>

	2010	2009
	EUR	EUR
Profit and loss account		
8 Interest on loans to group entities		
Havells Sylvania Europe Ltd	95	1,600
	<u>95</u>	<u>1,600</u>
9 Interest on loans		
Barclays term loan	(341,856)	(1,332,257)
	<u>(341,856)</u>	<u>(1,332,257)</u>
10 General and administrative expenses		
Bank charges	(21,383)	(21,243)
Professional fees	(89,988)	(132,534)
	<u>(111,371)</u>	<u>(153,777)</u>
11 Depreciation finance cost		
Depreciation finance cost	(53,359)	(53,359)
	<u>(53,359)</u>	<u>(53,359)</u>
12 Corporate income tax		
Provisis for C.I.T. 2010 (2009)	886,954	4,177,035
	<u>886,954</u>	<u>4,177,035</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 (2009: four) managing directors, two of which receive a remuneration.
The Company has no (2009: none) supervisory directors.

Amsterdam, 15 June 2011

Mr. A Gupta

Mr. G.F. Nicolai

Mr. S.I. Rep

Mr. S. Singhal

Other information

Appropriation of results

Under the restriction that Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves, the remaining reserves and unappropriated results are - in accordance with the Company's articles of association - at the disposal of the shareholder.

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.