

V.R BANSAL & ASSOCIATES
CHARTERED ACCOUNTANTS

B-11, Sector -2, Noida
Uttar Pradesh
Mobile: 9810186101, 9810050850
E mail:cavrbansals@gmail.com

AUDITORS REPORT

To
The Members of
SYLVANIA INDIA LIMITED
1/7, RAM KISHORE ROAD, CIVIL LINES
DELHI

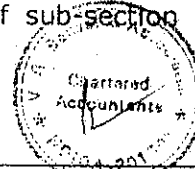
We have audited the attached Balance Sheet of SYLVANIA INDIA LIMITED as at 31st March, 2011 and also the Profit and Loss Account for the period of 21.06.2010 to 31.03.2011 are annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order 2004 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said Order.

Further, we report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
- (iv) in our opinion the Profit and loss account and the Balance Sheet comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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V.R BANSAL & ASSOCIATES
CHARTERED ACCOUNTANTS

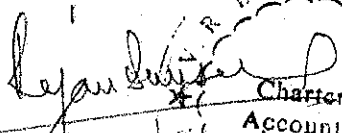
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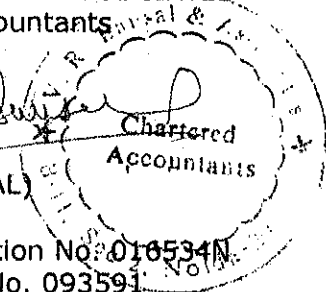
.2.

- (vi) In the absence of notification in the Official Gazette of the Central Government, the Company has not made any provision for cess payable u/s 441A of the Companies Act, 1956. As per the explanations given to us, the required provision for cess payable shall be made in accordance with the notification, as and when issued by the Central Government in its Official Gazette.
- (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
- a) in the case of balance sheet of the state of affairs of the Company as at 31st March, 2011 and
 - b) in the case of profit and loss Account, of the profit of the Company for the period ended on that date.

PLACE: Noida
DATED:20.05.2011

For V.R BANSAL & ASSOCIATES
Chartered Accountants


(RAJAN BANSAL)
Partner
Firm Registration No. 016534N
Membership No. 093591

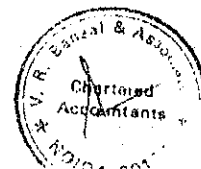


SYLVANIA INDIA LIMITED.

ANNEXURE TO THE AUDITORS' REPORT

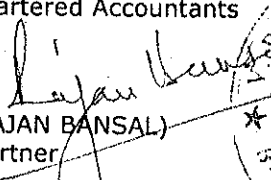
STATEMENT ON THE MATTERS SPECIFIED IN PARAGRAPHS 4 AND 5 OF THE COMPANY (AUDITOR'S REPORT) ORDER, 2003 AS REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The clauses 1 (a), (b) and (c) are not applicable to the Company, since the Company has no fixed assets.
2. The clauses 2 (a), (b) and (c) are not applicable to the Company, since there are no inventories.
3. In our opinion and as per the information given to us, the Company has not granted/ or taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (a to g) of the Order are not applicable to the Company.
4. In our opinion and according to explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in internal control system.
5. A As per our prima facie examination of the register maintained under section 301 of the Act, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
B In our opinion and as per information and explanation given to us, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The clause no. 7 regarding internal audit system is not applicable to the Company.
8. The Company is engaged in the business of trading of electrical goods. Hence there is no requirement of maintenance of cost records as prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act.
9. A The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues wherever applicable, with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March, 2011, concerned for a period of more than six months from the date they become payable.
B In our opinion, the Company has no dues of sales tax/service tax/income tax/custom duty/ wealth tax/excise duty/cess payable which have not been deposited on account of any dispute.
10. The Company has no accumulated losses at the end of the year and has not incurred cash losses during the year.
11. This Clause 11 is not applicable since the Company has not taken any loans from any financial institution or bank. The Company has not issued any debentures during the year.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the clauses 13 (a), (b), (c) and (d) are not applicable.

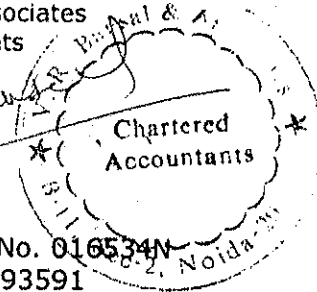


- 14 The clause no. 14 is not applicable to the Company, since the Company is not dealing in shares or debenture and has not made any investments.
- 15 The Company has not given any guarantee for loans taken by others from bank or financial institutions
- 16 The Company has not taken any term loans from banks or financial institutions.
- 17 The Company has not raised any short term/long term funds from bank or financial institutions.
- 18 During the period, the Company has issued 497225 equity shares of Rs.10/- each to parties and Companies covered in the Register maintained under section 301 of the Act, at par. In our opinion and as per explanation given to us, the price at which such shares have been Issued are not prejudicial to the interests of the Company.
- 19 The Company has not issued any debentures during the year.
- 20 During the year the Company has not raised any money by way of public issue.
- 21 During the checks carried out by us and as per informations made available to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For V.R.Bansal & Associates
Chartered Accountants


(RAJAN BANSAL)
Partner

Firm Registration No. 016534N
Membership No. 093591



PLACE: Noida
DATED: 20.05.2011

**SYLVANIA INDIA LIMITED
BALANCE SHEET**

	Schedule	As at 31.03.2011 (Rs.)
I. SOURCES OF FUNDS		
1. SHAREHOLDERS FUNDS		
Share Capital	1	49,72,250
Reserves and Surplus	2	1,35,976
		<u>51,08,226</u>
II. APPLICATION OF FUNDS		
2. CURRENT ASSETS, LOANS AND ADVANCES		
Cash and Bank Balances		62,31,568
Loans and Advances		1,60,143
		<u>63,91,711</u>
Less: Current Liabilities and Provisions	4	
Current Liabilities		11,68,428
Provisions		1,22,000
		<u>12,90,428</u>
Net Current Assets		<u>51,01,283</u>
3. DEFERRED INCOME TAX		6,943
		<u>51,08,226</u>
Accounting Policies and Notes on Accounts	9	

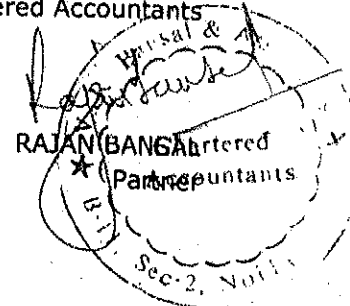
For and on behalf of the Board of Directors

Rajiv Goel
Rajiv Goel
Director

Vivek Khanna
Vivek Khanna
Director

As per attached Auditor's Report of even date

For V.R.BANSAL & ASSOCIATES
Chartered Accountants



Place: Noida
Date : 20th May, 2011

SYLVANIA INDIA LIMITED

PROFIT AND LOSS ACCOUNT

	Schedule	Period ending 31.03.2011 (Rs.)
1. INCOME		
Sales		3,06,71,985
Other Income	5	<u>1,42,246</u>
		<u>3,08,14,231</u>
2. EXPENDITURE		
Purchases		2,99,14,681
Office and Administration	6	3,80,656
Selling and Distribution	7	2,23,055
Interest and Financial	8	<u>44,807</u>
		<u>3,05,63,199</u>
3. PROFIT BEFORE TAX		<u>2,51,033</u>
Less : Income Tax Expense		1,22,000
Deferred Tax		<u>(6,943)</u>
4. PROFIT AFTER TAX		<u>1,15,057</u>
5. PROFIT FOR APPROPRIATION		
Profit for the period		<u>1,15,057</u>
Surplus Carried Over to Balance Sheet		<u>1,35,976</u>

Earnings per share- Basic & Diluted (In Rs.) (note no. 10 of schedule 9) 0.27

Accounting Policies And Notes on Accounts 9

For and on behalf of the Board of Directors

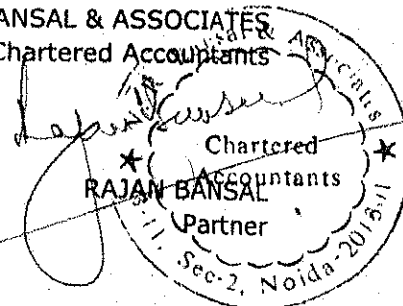
Rajiv Goel

Rajiv Goel
Director

Vivek Khanna

Vivek Khanna
Director

As per attached Auditor's Report of even date
For V.R.BANSAL & ASSOCIATES
Chartered Accountants



Place: Noida
Date : 20th May, 2011

SYLVANIA INDIA LIMITED

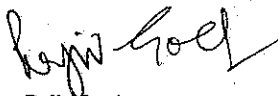
**CASH FLOW STATEMENT ANNEXED TO AND FORMING
PART OF BALANCE SHEET AS AT 31 MARCH 2011**

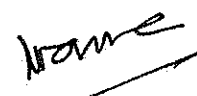
A. CASH FLOW FROM OPERATING ACTIVITIES	31.03.2011
	Rs.
Net Profit before tax and extraordinary items	2,51,033
<u>Adjustments for</u>	
Interest Income	(6,153)
Interest Paid	248
	<hr/>
Operating Profit before working capital changes	2,45,128
<u>Adjustments for</u>	
Trade and Other Receivables	(3,12,477)
Trade Payables	11,68,428
	<hr/>
Cash generated from operations	11,01,079
Direct taxes paid	0
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<hr/>
	11,01,079
Net Cash received (+) / used (-) from Operating Activities	<hr/> <hr/>
	11,01,079
 B. CASH FROM INVESTING ACTIVITIES	
Interest received	6,153
Net Cash received from Investing Activities	<hr/>
	6,153
 C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of Equity Shares	49,72,250
Interest Paid	(248)
	<hr/>
Net Cash received (+) / used (-) from Financing Activities	<hr/>
	49,72,002
 Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	<hr/>
	60,79,233
Cash and Cash Equivalents as at the beginning of the year	Nil
Cash and Cash Equivalents as at the close of the year	<hr/>
	60,79,233

Notes:

- 1 The cash flow statement has been prepared under the indirect method set out in 'Accounting Standard (AS) 3 Cash Flow Statements', as specified in the Companies (Accounting Standards) Rules, 2006.
- 2 Additions to Fixed Assets include movements of capital work-in-progress during the year.
- 3 Cash and cash equivalents as at the close of the year does not include Rs. 1,52,334/- on account of fixed deposit under margin money and interest accrued on fixed deposit.


For and on behalf of the Board of Directors

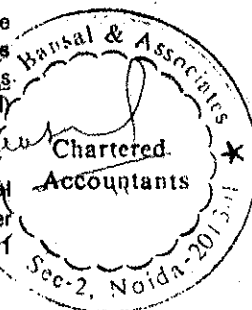

Rajiv Goel
Director


Vivek Khanna
Director

Place: Noida
Date: 20th May, 2011

As per attached Auditor's Report of even date
For V.R.Bansal & Associates
Chartered Accountants
(Registration No. 016934N)


Rajan Bangal
Partner
Membership No. 93591



SYLVANIA INDIA LIMITED
SCHEDULES

As at
31.03.2011
(Rs.)

SCHEDULE NO.1

SHARE CAPITAL

AUTHORISED

500000 Equity Shares of Rs.10/- each

50,00,000

ISSUED AND PAID-UP

497225 Equity Shares of Rs.10/- each fully paid up
(held by holding company Havell's Malta Limited, MALTA)

49,72,250

49,72,250

SCHEDULE NO.2

RESERVES AND SURPLUS

PROFIT AND LOSS ACCOUNT

Transfer from profit and loss account

1,35,976

1,35,976

1,35,976

SCHEDULE NO.3

CURRENT ASSETS, LOANS AND ADVANCES

A. CASH AND BANK BALANCES

Cash in hand

2,500

With Scheduled Banks

In current Accounts

60,76,734

Fixed Deposit Accounts

Pledged with Government Departments(Sales tax Deptt.)

1,48,000

Interest accrued on deposits

4,334

62,31,568

B. LOANS AND ADVANCES

Advances recoverable in cash or in kind or for value to be received

1,60,143

1,60,143

63,91,711

SCHEDULE NO.4

CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES

Sundry Creditors (other than Micro and Small enterprises)

11,45,828

Other Liabilities

22,060

Sales tax Payable

51

TDS Payable

489

11,68,428

B. PROVISIONS

Income tax

1,22,000

1,22,000

12,90,428



SYLVANIA INDIA LIMITED

Period ending
31.03.2011
(Rs.)

SCHEDULE NO.5

OTHER INCOME

Interest received (TDS Rs. Nil)
Exchange fluctuations (Net)

6,153
1,36,093
1,42,246

SCHEDULE NO.6

OFFICE AND ADMINISTRATION EXPENSES

Professional Taxes
Printing and Stationery
Legal and Professional
Auditor's Remuneration:
 Audit Fee
Insurance
Miscellaneous Expenses

4,960
19,111
1,66,251
22,060
1,68,224
50
3,80,656

SCHEDULE NO.7

SELLING AND DISTRIBUTION EXPENSES

Samples

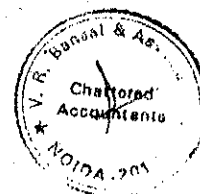
2,23,055
2,23,055

SCHEDULE NO.8

FINANCIAL EXPENSES

Interest paid on non-fixed loans
Bank Charges

248
44,558
44,807



SCHEDULE NO. 9

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS FOR THE PERIOD ENDING 31ST MARCH, 2011

A. SIGNIFICANT ACCOUNTING POLICIES

1 Accounting Convention

The accounts have been prepared on historical cost convention on accrual basis, in accordance with the requirements of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India, and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied and where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use, such changes are suitably incorporated. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2 Use of Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that effect the reported statements of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Foreign currency transactions

a) Initial Recognition

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Exchange differences arising on the settlement of monetary items during the year are recognised as income or expense.

b) Conversion and Exchange Differences

Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the Profit and Loss Account. Non monetary assets and liabilities denominated in foreign currency are carried at historical cost using the exchange rate at the date of transaction.

4 Revenue Recognition

The principles of revenue recognition are given below:

a) Sale of Goods

Revenue from sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of returns and trade discount. Sales include excise duty but are exclusive of value added tax. Sales do not include inter-divisional transfers.

b) Interest

Interest income is recognised on a time proportion basis.

c) Claims

Claims are recognised when there exists reasonable certainty with regard to the amounts to be realised and the ultimate collection thereof.

5 Prior period Items/ Exceptional Items

Prior period expenses/income are shown as prior period item in the profit and loss account as per the provisions of AS-5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' issued by the Institute of Chartered Accountants of India.

6 Earnings Per Share

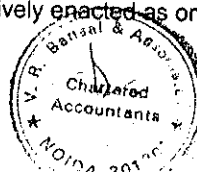
The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprises the net profit after tax. The number of shares used in computing Basic and diluted EPS is weighted average number of shares outstanding during the year.

7 Taxes on Income

Tax expense for the year comprises of current tax and deferred tax.

Current tax is determined on the amount of tax payable in respect of taxable income for the period, using the applicable tax rates and tax laws in accordance with the provisions of Indian Income Tax Act'1961.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.



Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

8. Contingent Liabilities and Provisions

Contingent Liabilities

Contingent liabilities are disclosed by way of notes and are not recognised as an item of expense in the profit and loss account. Contingent gains are not recognised.

Provisions

Provisions are recognised as liability only when these can be measured by using a substantial degree of estimation and are determined based on management estimate to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

B NOTES

- The Company was incorporated on 21.06.2010 vide certificate of incorporation no.U51909DL2010PLC204375 issued by the Registrar of Companies, Delhi The certificate of commencement of business was issued to the Company on 12th day of July 2010. The figures for the current year relate to the period from 21.06.2010 to 31.3.2011.
- The Company is a wholly owned subsidiary Company of 'Havell's Malta Limited, Malta', and step down subsidiary of 'Havells India Limited'.
- Companies (Accounting Standards) Amendment Rules, 2009 issued by the Ministry of Corporate Affairs vide Notification no.G.S.R.225 (E) dated March 31, 2009, has amended the Accounting Standard - 11 on "The Effect of Changes in Foreign Exchange Rates" and given an option to the companies to adopt the treatment prescribed in the said notification in reference to its foreign currency transactions. The Company has, following the provisions of AS-11, chosen not to adopt the alternate treatment prescribed under the above notification. In accordance with the accounting policy of the Company, a sum of Rs. 136093/- has been recognised as exchange gain (net) and credited to the profit and loss account.
- Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2011 are as under:

	USD		EURO	
	Foreign Currency	Indian Currency (in Rs.)	Foreign Currency	Indian Currency (in Rs.)
Payables				
Current Year	2,827	1,26,220	15,697	9,92,651

5. Current Tax and Deferred Tax

Current Tax

The Company has made a provision for current tax in accordance with the provisions of the Income Tax Act'1961. The break-up of deferred tax is as under.

Deferred Tax assets

- on account of different treatment of certain payments under Income Tax Act.

2010-11
(Amount in Rs.)
6,943

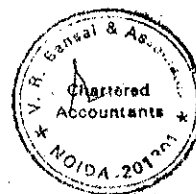
6. Disclosures required by Accounting Standard (AS- 29) relating to ' Provisions, Contingent Liabilities and Contingent Assets'

The provisions are recognised on the basis of the probable settlement of the present obligation during the period. The Company has not carried any provisions during the year.

- In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities have been made.

8 Segment Reporting

The Company is having single reportable segment i.e. Trading in Lighting and fixtures. Accordingly all revenues and expenses relate to said segment.



9 Related party transactions

As per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India, related parties in terms of the said standard are disclosed below:-

(A) Names of related parties and description of relationship :

1 Holding Company

Havell's Malta Limited ,Malta

2 Associates

Havells India Limited
Havells Sylvania Lighting Belgium
Havells Sylvania Fixtures UK Limited
Havells Sylvania Europe Limited

(B) Transactions during the year

2010-11
(Amount in Rs.)

(i) Purchase of goods

Havells India Limited	3,21,300
Havells Sylvania Lighting Belgium	4,68,817
Havells Sylvania Fixtures UK Limited	3,20,875
Havells Sylvania Europe Limited	75,44,308

(ii) Sale of goods

Havells India Limited	2,76,08,978
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(C) Balances at the year

Payables

Havells Sylvania Lighting Belgium	4,68,817
Havells Sylvania Fixtures UK Limited	1,83,663
Havells Sylvania Europe Limited	3,40,170

10 Earnings per share

Basic and Diluted Earnings per share

Numerator for earning per share

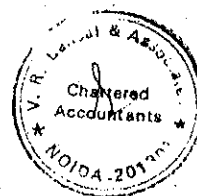
Profit before taxation	2,51,033
Provision for deferred tax and Income tax	1,15,057
Profit after taxation	1,35,976

Denominator for earning per share

Weighted number of equity shares outstanding during	Nos.	497225
Earning per share-Basic and Diluted (one equity share of Rs. 10/- each)	Rs.	0.27

11 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part-II and Part-IV of Schedule VI to the Companies Act, 1956 (as certified by a Director)

	UNIT	2010-11	
		QTY	Amount (Rs.)
a) Turnover			
Traded Goods			
- Lighting and Fixtures	Nos	267289	3,06,71,985
b) Purchases-Traded Goods			
- Lighting and Fixtures	Nos	*267289	2,99,14,681
* (excluding 836 free samples valuing Rs.223055/-)			



12 CIF value of Imports
Traded Goods
- Lighting and Fixtures 1,84,91,751

13 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

a) Registration Details		
Registration No.		204375
Code No.		55
Balance sheet date		31.03.2011
b) Capital raised during the year		
Public issue		-
Right issue		-
Bonus issue		-
Private placement		49,72,250
c) Position of mobilisation and deployment of funds		
Total liabilities		51,08,226
Total assets		51,08,226
Sources of funds		
Paid up capital		49,72,250
Reserves and surplus		1,35,976
		<u>51,08,226</u>
Application of funds		
Net current assets		51,01,283
Deferred Tax		6,943
		<u>51,08,226</u>
d) Performance of Company		
Turnover		3,06,71,985
Other income		1,42,246
Total expenditure		3,05,63,199
Profit/(Loss) before tax		2,51,033
Profit/(Loss) after tax		1,35,976
Weighted No of equity shares	Nos.	497225
Earning per share (basic and diluted)	Rs.	0.27
Dividend Rate		Nil

14 This being the first year , the corresponding figures for the previous year have not been given .

15 The figures have been rounded off to the nearest of rupees.

16 Schedule No.1 to 9 form integral part of the balance sheet and profit and loss account.

For and on behalf of the Board of Directors

Rajiv Goel
Rajiv Goel
Director

Vivek Khanna
Vivek Khanna
Director

Place: Noida
Date : 20th May, 2011

As per attached Auditor's Report of even date
For V.R.Bansal & Associates
Chartered Accountants

Rajan Bansal
Rajan Bansal
Partner
Membership No. 93591

Chartered Accountants
B.I. Sec-2, Noida