

**SLI Europe B.V.**  
**Amsterdam**

Annual report and accounts  
for the year 2010

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## Report of the management

Management herewith presents to the shareholder the annual accounts of SLI Europe 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 holding company. The ultimate holding company is Havells India Limited, India.

## Overview of activities

During the year the Company did not start up new activities.

## Results

The net asset value of the Company as at 31 December 2010 amounts to EUR 15,665,391 (2009: EUR 9,025,034). The result for the year 2010 amounts to a profit of EUR 5,201,822 (2009 loss : EUR 36,177,773 loss).

## Liquidity and capital resources

Liquidity has increased and shareholder's equity has increased with the profit for the year. However, 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.

## 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. S. Rep

Mr.A.K. Gupta

Mr. A. Gupta

Intertrust (Netherlands )B.V.

**Balance sheet as at 31 December 2010**

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

	Notes	2010	2009
<b>Fixed assets</b>			
Financial fixed assets			
Interests in group entities	1	85,881,375	78,896,652
<i>Total fixed assets</i>		<u>85,881,375</u>	<u>78,896,652</u>
<b>Current assets</b>			
Debtors			
Amounts owed by group entities	2	-	2
VAT	3	944	924
Taxation	4	755,000	756,590
Cash and cash equivalents	5	-	-
<i>Total current assets</i>		<u>755,944</u>	<u>757,516</u>
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities	6	8,011,251	6,948,916
Accruals and deferred income	7	7,869	8,143
<i>Total current liabilities</i>		<u>8,019,120</u>	<u>6,957,059</u>
<b>Current assets less current liabilities</b>		<u>(7,263,176)</u>	<u>(6,199,543)</u>
<b>Total assets less current liabilities</b>		78,618,199	72,697,109
<b>Long term liabilities (due after one year)</b>			
Loans from group entities	8	63,672,075	63,672,075
<b>Net asset value</b>		<u>14,946,124</u>	<u>9,025,034</u>
<b>Capital and reserves</b>			
	9		
Paid up and called up share capital		18,000	18,000
Share premium account		204,444,267	203,725,000
Translation reserves		783,839	783,839
Other reserves		(195,501,805)	(159,324,032)
Unappropriated results		5,201,822	(36,177,773)
<i>Total shareholder's equity</i>		<u>14,946,124</u>	<u>9,025,034</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)			
<b>Holding activities</b>			
Returns on investment	10	6,265,457	(34,691,364)
<i>Result holding activities</i>		<u>6,265,457</u>	<u>(34,691,364)</u>
<b>Financing activities</b>			
Interest on loans from group entities	11	(301,423)	(686,159)
<i>Result financing activities</i>		<u>(301,423)</u>	<u>(686,159)</u>
<b>Other financial income and expenses</b>			
Currency exchange rate differences	12	(2)	(12,634)
<i>Total other financial income and expenses</i>		<u>(2)</u>	<u>(12,634)</u>
<b>Other income and expenses</b>			
General and administrative expenses	13	(762,208)	(787,616)
<i>Total other income and expenses</i>		<u>(762,208)</u>	<u>(787,616)</u>
<b>Result before taxation</b>		<u>5,201,822</u>	<u>(36,177,773)</u>
Corporate income tax	14	-	-
<b>Result after taxation</b>		<u>5,201,822</u>	<u>(36,177,773)</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 11 December 1997 and has its statutory seat in Amsterdam. The direct shareholder is Havell's Netherlands B.V. The ultimate shareholder is Havells India Limited, India. The principal activity of the Company is to act as a holding 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.

**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)	1.32820	1.43000
1 EUR = GBP (Pound sterling)	0.86290	0.89320

**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**

Dividends from group entities are recorded as income when received. 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
<b>Balance sheet</b>				
<b>1 Interests in group entities</b>				
The net asset value per group entity is:				
<u>Name</u>	<u>Domicile</u>	<u>Owned</u>		
Sylvania Lighting International B.V.	The Netherlands	100%	85,881,375	78,896,652
Flowil International Lighting (Holding) BV.	The Netherlands	100%	-	-
			<u>85,881,375</u>	<u>78,896,652</u>
The investments of the subsidiaries are stated at net asset value.				
Movements in the interests in group entities have been as follows:				
Balance as per 1 January		78,896,652		
Additions		719,267		
Disposals		-		
Increase in net asset value		6,265,456		
Balance as per 31 December		<u>85,881,375</u>		
<b>2 Amounts owed by group entities</b>				
Flowil International Lighting (Holding) B.V.			-	2
			<u>-</u>	<u>2</u>
<b>3 VAT</b>				
Prepaid VAT			944	924
			<u>944</u>	<u>924</u>
<b>4 Taxation</b>				
Deferred Tax Asset			755,000	755,000
Accrued Tax			-	1,590
			<u>755,000</u>	<u>756,590</u>
Final corporate income tax assessments have been received for the financial years up to and including 2007.				
<u>Corporate income tax summary</u>	<u>01.01.</u>	<u>Paid/(Received)</u>	<u>P/L account</u>	<u>31.12.</u>
pre 2008	756,590	-	-	756,590
2008			(1,590)	(1,590)
Total	<u>756,590</u>	<u>-</u>	<u>(1,590)</u>	<u>755,000</u>
<b>5 Cash and cash equivalents</b>				
Current account EUR			-	-
Current account USD			-	-
			<u>-</u>	<u>-</u>

	2010	2009
	EUR	EUR
<b>6 Amounts due to group entities</b>		
Havells Sylvania Lighting Belgium N.V.	315	315
Havells Sylvania Netherlands B.V.	5,632,807	5,365,787
Havells Sylvania Europe Ltd	2,378,129	1,582,814
	<u>8,011,251</u>	<u>6,948,916</u>
<b>7 Accruals and deferred income</b>		
Third party payable	1,869	2,143
Accrued professional fees	6,000	6,000
	<u>7,869</u>	<u>8,143</u>
<b>8 Loans from group entities</b>		
Sylvania Lighting International B.V.	63,672,075	63,672,075
	<u>63,672,075</u>	<u>63,672,075</u>

The loan has not been secured, has no maturity and bears no interest per annum.

Balance as per 1 January	63,672,075
Increase/(decrease)	-
Balance as per 31 December	<u>63,672,075</u>

#### 9 Capital and reserves

The authorised share capital of the Company amounts to EUR 90,000 divided into 2,000 shares of EUR 45 each. Issued and paid up are 400 shares of EUR 45 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>Translation Reserves</u>	<u>Other reserves</u>
Balance as per 01.01.2009	18,000	203,725,000	783,839	(136,058,222)
Paid-in / (repaid)	-	-	-	-
Transfer	-	-	-	(23,265,810)
Dividend	-	-	-	-
Result for the period	-	-	-	-
Balance as per 01.01.2010	<u>18,000</u>	<u>203,725,000</u>	<u>783,839</u>	<u>(159,324,032)</u>
Paid-in / (repaid)	-	719,267	-	-
Transfer	-	-	-	(36,177,773)
Dividend	-	-	-	-
Result for the period	-	-	-	-
Balance as per 31.12.2010	<u>18,000</u>	<u>204,444,267</u>	<u>783,839</u>	<u>(195,501,805)</u>

	<u>Unappr.results</u>
Balance as per 01.01.2009	(23,265,810)
Paid-in / (repaid)	-
Transfer	23,265,810
Dividend	-
Result for the period	(36,177,773)
Balance as per 01.01.2010	<u>(36,177,773)</u>
Paid-in / (repaid)	-
Transfer	36,177,773
Dividend	-
Result for the period	5,201,822
Balance as per 31.12.2010	<u>5,201,822</u>

	2010	2009
	EUR	EUR
<b>Profit and loss account</b>		
<b>10 Return on Investment</b>		
Return on investment	6,265,457	(34,691,364)
	<u>6,265,457</u>	<u>(34,691,364)</u>
<b>11 Interest on loans from group entities</b>		
Sylvania Lighting International B.V.	-	(375,352)
Flowil International Lighting (Holding) B.V.	-	-
Havells Sylvania Europe Ltd	(34,403)	(31,394)
Havells Sylvania Netherlands B.V.	(267,020)	(279,413)
	<u>(301,423)</u>	<u>(686,159)</u>
<b>12 Currency exchange rate differences</b>		
On financing participations	(2)	(12,634)
	<u>(2)</u>	<u>(12,634)</u>
<b>13 General and administrative expenses</b>		
Management fees	(744,092)	(762,846)
Professional services	(17,298)	(23,861)
Bank charges	(819)	(909)
	<u>(762,208)</u>	<u>(787,616)</u>
<b>14 Corporate income tax</b>		
Current Tax	-	-
	<u>-</u>	<u>-</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 of which receive a remuneration.  
The Company has no (previous year: none) supervisory directors.

Amsterdam, 15 June 2011

Mr. S. Rep

Mr.A.K. Gupta

Mr. A. Gupta

Intertrust (Netherlands )B.V.

**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.