

**Sylvania Lighting International 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 Sylvania Lighting International B.V. (hereinafter "the Company") for the year 2010.

## **General**

The Company is a closed company with limited liability incorporated under the laws of The Netherlands in July 1992 and acts as an investment holding company. The company has its statutory seat and its principal place of business at Prins Bernhardplein 200, 1097 JB Amsterdam.

The immediate shareholder of the company is SLI Europe BV and the ultimate parent company is Havell's India Limited, India. The company is the holding company of subsidiaries involved with the design, manufacture and distribution of lightning products in Latin America.

## **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 85,881,375 (2009: EUR 78,896,651). The result for the year 2010 amounts to a profit of EUR 6,265,456 (2009: EUR 2,842,468 loss).

## **Liquidity and capital resources**

Liquidity has increased slightly 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	23,191,000	14,950,000
<i>Total fixed assets</i>		<u>23,191,000</u>	<u>14,950,000</u>
<b>Current assets</b>			
Debtors			
Amounts owed by group entities	2	64,967,905	65,923,824
VAT	3	503	1,079
Cash and cash equivalents	4	-	-
<i>Total current assets</i>		<u>64,968,408</u>	<u>65,924,903</u>
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities			
	5	2,245,224	1,924,005
Trade creditors	6	2,878	4,315
Accruals and deferred income	7	29,931	49,931
<i>Total current liabilities</i>		<u>2,278,033</u>	<u>1,978,252</u>
<b>Current assets less current liabilities</b>		<u>62,690,375</u>	<u>63,946,651</u>
<b>Total assets less current liabilities</b>		85,881,375	78,896,651
<b>Net asset value</b>		<u>85,881,375</u>	<u>78,896,651</u>
<b>Capital and reserves</b>			
	8		
Paid up and called up share capital		34,393	34,393
Share premium account		16,582,331	15,863,064
Other reserves		56,405,194	59,247,662
Translation adjustment		6,594,000	6,594,000
Unappropriated results		6,265,456	(2,842,468)
<i>Total shareholder's equity</i>		<u>85,881,375</u>	<u>78,896,651</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	9	6,406,023	(2,975,751)
<i>Result holding activities</i>		<u>6,406,023</u>	<u>(2,975,751)</u>
<b>Financing activities</b>			
Interest on loans to group entities	10	78,774	439,308
Interest on loans from group entities	11	(93,696)	(117,272)
<i>Result financing activities</i>		<u>(14,922)</u>	<u>322,036</u>
<b>Other financial income and expenses</b>			
Currency exchange rate differences	12	(110,744)	(99,058)
<i>Total other financial income and expenses</i>		<u>(110,744)</u>	<u>(99,058)</u>
<b>Other income and expenses</b>			
General and administrative expenses	13	(14,901)	(89,696)
<i>Total other income and expenses</i>		<u>(14,901)</u>	<u>(89,696)</u>
<b>Result before taxation</b>		<u>6,265,456</u>	<u>(2,842,469)</u>
Corporate income tax	14	-	-
<b>Result after taxation</b>		<u><u>6,265,456</u></u>	<u><u>(2,842,469)</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 24 July 1992 and has its statutory seat in Amsterdam. The direct shareholder is SLI Europe B.V. and ultimate holding company is Havells 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 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

**Balance sheet****1 Interests in group entities***Direct subsidiaries*

<u>Name</u>	<u>Domicile</u>	<u>Owned</u>		
Havells SLI de Mexico S.A. De C.V.	Mexico	100%	4,887,000	3,086,000
Havells Sylvania Brasil Iluminacao Ltda	Brazil	100%	-	-
Havells Sylvania Argentina S.A.	Argentina	100%	2,991,000	2,094,000
Havells Sylvania N.V.	Ecuador	100%	4,445,000	2,999,000
Havells Sylvania Iluminacao Ltda	Chile	100%	56,000	-
			<u>12,379,000</u>	<u>8,179,000</u>

*Indirect subsidiaries*

<u>Name</u>	<u>Domicile</u>			
Sylvania S.A de C.V.	El Salvador		1,518,000	1,398,000
Havells Sylvania Guatemala S.A.	Guatemala		1,943,000	1,770,000
Havells Sylvania Costa Rica S.A.	Costa Rica		5,941,000	2,781,000
Havells Sylvania Panama Path	Panama		54,000	-
Havells Sylvania Panama S.A.	Panama		1,356,000	822,000
			<u>10,812,000</u>	<u>6,771,000</u>

**Total interest in group entities**

<u>23,191,000</u>	<u>14,950,000</u>
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The investments in subsidiaries are stated against net asset value.

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

Balance as per 1 January	14,950,000
Acquisitions	1,722,000
Disposals	-
Increase in net asset value	6,519,000
Balance as per 31 December	<u>23,191,000</u>

**Sylvania Lighting International B.V., Amsterdam**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
<b>2 Amounts owed by group entities</b>		
Flowil International Lighting International B.V.	-	2,810
SLI Europe B.V.	63,672,076	63,672,075
Havells Sylvania Europe Ltd	-	944,490
Havells Sylvania Fixtures Netherlands B.V.	1,295,829	1,304,449
	<u>64,967,905</u>	<u>65,923,824</u>
<b>3 VAT</b>		
VAT (payable)/receivable	503	1,079
	<u>503</u>	<u>1,079</u>
<b>4 Cash and cash equivalents</b>		
Current account	Euro	-
Current account	USD	-
Current account	GBP	-
	<u>-</u>	<u>-</u>
<b>5 Amounts due to group entities</b>		
Havells USA Inc.	2,166,770	1,923,690
Havells Sylvania Europe Ltd	77,950	-
Havells Sylvania Argentina	189	-
Havells Sylvania Lighting Belgium B.V.B.A.	315	315
	<u>2,245,224</u>	<u>1,924,005</u>
<b>6 Trade creditors</b>		
Third party payable	2,878	4,315
	<u>2,878</u>	<u>4,315</u>
<b>7 Accruals and deferred income</b>		
Accrued professional services	29,931	49,931
	<u>29,931</u>	<u>49,931</u>

**8 Capital and reserves**

The authorised share capital of the Company amounts to EUR 171,967 divided into 1,719,670 shares of EUR 0.10 each. Issued and paid up are 343,934 shares of EUR 0.10 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>Translation Reserves</u>
Balance as per 01.01.2009	34,393	15,863,064	57,163,673	6,594,000
Paid-in / (repaid)	-	-	-	-
Transfer	-	-	2,083,989	-
Dividend	-	-	-	-
Result for the period	-	-	-	-
Balance as per 01.01.2010	<u>34,393</u>	<u>15,863,064</u>	<u>59,247,662</u>	<u>6,594,000</u>
Paid-in / (repaid)	-	719,267	-	-
Transfer	-	-	(2,842,468)	-
Dividend	-	-	-	-
Result for the period	-	-	-	-
Balance as per 31.12.2010	<u><u>34,393</u></u>	<u><u>16,582,331</u></u>	<u><u>56,405,194</u></u>	<u><u>6,594,000</u></u>

	<u>Unappr.results</u>
Balance as per 01.01.2009	2,083,989
Paid-in / (repaid)	-
Transfer	(2,083,989)
Dividend	-
Result for the period	<u>(2,842,468)</u>
Balance as per 01.01.2010	<u>(2,842,468)</u>
Paid-in / (repaid)	-
Transfer	2,842,468
Dividend	-
Result for the period	<u>6,265,456</u>
Balance as per 31.12.2010	<u><u>6,265,456</u></u>

	2010	2009
	EUR	EUR
<b><u>Profit and loss account</u></b>		
<b>9 Returns from holding activities</b>		
Return on investments	6,406,023	2,975,751
	<u>6,406,023</u>	<u>2,975,751</u>
<b>10 Interest on loans to group entities</b>		
Havells Sylvania Brasil Iluminacao Ltda	78,774	57,995
Flowil International Lighting International B.V.	-	5,961
SLI Europe B.V.	-	375,352
	<u>78,774</u>	<u>439,308</u>
<b>11 Interest on loans from group entities</b>		
Havells Sylvania Europe Ltd	(2,946)	(9,144)
Havells Sylvania US	(90,750)	(108,128)
	<u>(93,696)</u>	<u>(117,272)</u>
<b>12 Currency exchange rate differences</b>		
On financing participations	(110,744)	(99,058)
	<u>(110,744)</u>	<u>(99,058)</u>

**Sylvania Lighting International B.V., Amsterdam**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
<b>13 General and administrative expenses</b>		
Other Professional services	(14,004)	(88,716)
Bank charges	(897)	(979)
	<u>(14,901)</u>	<u>(89,696)</u>
<b>14 Corporate income tax</b>		
Provision for C.I.T. 2010 (2009)	<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: one) managing director, 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.