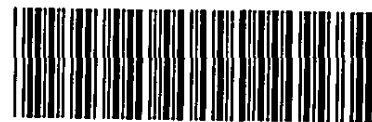


NEWBY TEAS (UK) LIMITED  
DIRECTORS REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011

BOYDELL & CO  
Chartered Accountants  
89 Chiswick High Road  
London  
W4 2EF

Company number 3904465

TUESDAY



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COMPANIES HOUSE

NEWBY TEAS (UK) LIMITED

(COMPANY NUMBER 3904465)

DIRECTORS REPORT

The directors submit their report with the financial statements of the company for the year ended 31 July 2011

RESULTS AND DIVIDENDS

The profit on ordinary activities for the period, after taxation, amounted to £25,590 (2010 £27,627) The directors do not recommend the payment of a dividend nor any transfer to reserves

REVIEW OF THE BUSINESS

The company's principal activity during the period was the sale of tea The directors are concentrating on sales to the European and Middle East and UK markets in addition to the Russian market

DIRECTORS

The directors at 31 July 2011 who served throughout the year and their interests in the share capital of the holding company were as follows -

		Ordinary shares	
		Number of Shares	
		<u>31 7 11</u>	<u>31 7 10</u>
Nirmal K Sethia	- beneficial holding	121,297	121,297
	- non-beneficial holding	981,403	981,403
J P S Booth		-	-
A Jain		-	-

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

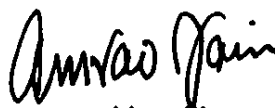
NEWBY TEAS (UK) LIMITEDDIRECTORS REPORT (continued)SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

AUDITORS

The auditors, Boydell & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

On behalf of the board



A JAIN  
Director

105 St John Street  
London  
EC1M 4AS

16th August 2012

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
NEWBY TEAS (UK) LIMITED

We have audited the financial statements of Newby Teas (UK) Limited for the year ended 31 July 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). In forming our opinion we are also required to comply with the Auditing Practice Board's Ethical Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
NEWBY TEAS (UK) LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 July 2011 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements



Malcolm Barry Boydell (Senior Statutory Auditor)  
For and on behalf of  
Boydell & Co  
Chartered Accountants and Statutory Auditors  
89 Chiswick High Road  
London  
W4 2EF

17 August 2012

NEWBY TEAS (UK) LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2011

	<u>Notes</u>	<u>2011</u> £	<u>2010</u> £
TURNOVER	2	2,607,861	2,020,698
Cost of sales		(2,459,636)	(1,836,828)
Gross profit		148,225	183,870
Net operating expenses	3	(115,576)	(135,084)
OPERATING PROFIT		32,649	48,786
PROFIT on ordinary activities before taxation		32,649	48,786
Tax on profit on ordinary activities	4	(7,059)	(21,159)
PROFIT on ordinary activities for the year		25,590	27,627
Profit brought forward		192,435	164,808
Profit carried forward		£ 218,025	£ 192,435

The notes on pages 7 to 11 form an integral part of these financial statements

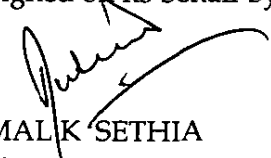
NEWBY TEAS (UK) LIMITEDBALANCE SHEETAT 31 JULY 2011

	Notes	£	<u>2011</u> £	£	<u>2010</u> £
<b>FIXED ASSETS</b>					
Intangible fixed assets	5		20,054		26,765
Tangible fixed assets	6		5,237		6,982
Investments	7		149,374		72,375
			<u>174,665</u>		<u>106,122</u>
<b>CURRENT ASSETS</b>					
Stocks	8	734,420		642,109	
Debtors	9	1,582,975		1,506,270	
Cash at bank		138,177		59,362	
		<u>2,455,572</u>		<u>2,207,741</u>	
<b>CREDITORS amounts</b>					
falling due within one year	10	(1,411,612)		(1,120,828)	
<b>NET CURRENT ASSETS</b>			1,043,960		1,086,913
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,218,625</u>		<u>1,193,035</u>
Deferred taxation	11		(600)		(600)
			<u>£ 1,218,025</u>		<u>£ 1,192,435</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1,000,000		1,000,000
Profit and loss account			218,025		192,435
			<u>£ 1,218,025</u>		<u>£ 1,192,435</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with s 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 to 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company

Approved by the board on *16th August* 2012  
and signed on its behalf by

  
NIRMAL K SETHIA  
Director

The notes on pages 7 to 11 form an integral part of these financial statements

NEWBY TEAS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and the Financial Reporting Standard for Smaller Entities (effective January 2008) They have been prepared on the going concern basis, on the understanding that fellow group undertakings will not seek repayment of sums due to them in excess of the company's available resources

Amortisation

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, at the following annual rates

Artwork and design	25% (reducing instalment basis)
Trademark	10% (straight line)

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, at the following annual rates

Furniture and equipment	25% (reducing instalment basis)
Computers	25% (reducing instalment basis)

Stock and work in Progress

Stock and work in progress are valued at the lower cost and net realisable value

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the average rate for the year Differences in currency transactions are taken to trading account and translation differences on monetary items are taken to trading and profit and loss account

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

2 TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided, excluding VAT An analysis of turnover by geographical market is given below

	<u>2011</u>	<u>2010</u>
	£	£
Europe (excluding UK)	2,400,220	1,852,453
United Kingdom	207,641	168,245
	<u>£ 2,607,861</u>	<u>£ 2,020,698</u>
	=====	=====



NEWBY TEAS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 JULY 2011

3	<u>OPERATING PROFIT</u>	<u>2011</u>	<u>2010</u>
	This is stated after charging	£	£
	Auditors' remuneration current year	5,016	7,500
		=====	=====
	Employees (including directors)		
	Average number of people employed during the year (administration etc)	1	1
	Cost in respect of these employees		
	Salaries	37,693	40,985
	Social security costs	4,360	4,454
		<u>£ 42,053</u>	<u>£ 45,439</u>
		=====	=====

4	<u>TAXATION</u>		
	(a) Current taxation		
		<u>2011</u>	<u>2010</u>
	The taxation charge for the year is as follows -	£	£
	Corporation tax for the year		
	@ 27.3% (2010 28%)	7,059	15,146
	Adjustment in respect of prior periods	-	6,013
		<u>7,059</u>	<u>21,159</u>
		=====	=====

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28%/26% (2010 28%). The differences are reconciled below

	<u>2011</u>	<u>2010</u>
	£	£
Profit on ordinary activities before taxation	32,649	48,786
	=====	=====
Profit on ordinary activities multiplied by tax rate	8,913	13,660
Depreciation	2,308	4,665
Capital allowances	(398)	(511)
Other	(3,764)	(2,668)
Adjustment in respect of prior periods	-	6,013
	<u>7,059</u>	<u>21,159</u>
	=====	=====

(c) Factors that may affect future tax charges

The company has no tax losses (2010 £nil) that are available for offset against future taxable profits

NEWBY TEAS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 JULY 2011

5. <u>INTANGIBLE FIXED ASSETS</u>	<u>Artwork &amp; Design</u> £	<u>Trademark &amp; patents</u> £	<u>Total</u> £
Cost			
At 1 August 2010	261,036	143,315	404,351
Additions/disposals	-	-	-
Disposals	-	-	-
At 31 July 2011	261,036	143,315	404,351
Amortisation			
At 1 August 2010	234,298	143,288	377,586
Charge for the year	6,684	27	6,711
At 31 July 2011	240,982	143,315	384,297
Net book value			
At 31 July 2011	20,054	-	20,054
At 31 July 2010	26,738	27	26,765
6. <u>TANGIBLE FIXED ASSETS</u>	<u>Furniture and equipment</u> £	<u>Computers</u> £	<u>Total</u> £
Cost			
At 1 August 2010	55,961	14,775	70,736
Additions	-	-	-
Disposals	-	-	-
At 31 July 2011	55,961	14,775	70,736
Depreciation			
At 1 August 2010	50,415	13,339	63,754
Charge for the period	1,386	359	1,745
At 31 July 2011	51,801	13,698	65,499
Net book value			
At 31 July 2011	4,160	1,077	5,237
At 31 July 2010	5,546	1,436	6,982

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 31 JULY 2011

7	<u>INVESTMENTS</u>	<u>Total</u>
	<u>At cost</u>	
	At 1 August 2010	72,375
	Additions	76,999
	At 31 July 2011	<u>£ 149,374</u>

During the year, the company subscribed for 546,000 additional equity shares of 10 Rupees each in Newby India Private Limited, a company incorporated in India. At 31 July 2011, the company held 1,040,000 equity shares of 10 Rupees each, fully paid in the company, at a cost of £149,374, which represents 26% of the company's issued share capital.

The aggregate amount of this company's capital and reserves together with their profit and loss for the year ended 31 March 2011 (a year-end date required by Indian company law) is as follows:

	Capital and Reserves INR	Loss for the year INR
Newby India Private Limited	<u>19,164,293</u>	<u>(8,989,692)</u>
8	<u>2011</u>	<u>2010</u>
	£	£
Raw materials	120,000	233,617
Finished goods	614,420	408,492
	<u>£ 734,420</u>	<u>642,109</u>
9	<u>2011</u>	<u>2010</u>
	£	£
Trade debtors	1,582,975	1,405,178
Amounts owed by Group undertakings	-	101,092
	<u>£ 1,582,975</u>	<u>£ 1,506,270</u>
10.	<u>2011</u>	<u>2010</u>
	£	£
Bank loans and overdrafts	-	98,053
Trade creditors	62,486	36,369
Corporation tax payable	4,205	15,146
Amounts owed to Group undertakings	1,342,995	945,793
Accruals	-	24,000
Social security and other taxes	1,926	1,467
	<u>£ 1,411,612</u>	<u>£ 1,120,828</u>

The bank overdraft was secured by a floating charge on the assets of the company, and was fully repaid in the year.

NEWBY TEAS (UK) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 JULY 2011**11 DEFERRED TAXATION**

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	<u>2011</u>	<u>2010</u>
	£	£
Excess of taxation allowances over depreciation on fixed assets	£ 600	£ 600

**12 SHARE CAPITAL**

Authorised

Allotted  
called up and  
fully paid

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	No	No	£	£
Ordinary £1 shares	1,000,000	1,000,000	1,000,000	1,000,000

**13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	<u>2011</u>	<u>2010</u>
	£	£
Opening shareholders' funds	1,192,435	1,164,808
Profit for the year after tax	25,590	27,627
Closing shareholders' funds	£ 1,218,025	£ 1,192,435

**14 IMMEDIATE PARENT COMPANY**

The company is a wholly owned subsidiary of Sethia London Limited, a company incorporated in England and Wales. On 1 October 2011, Sethia London Limited transferred 400,000 ordinary £1 shares in the company to Sethia Family-related charitable foundations. In the directors' view, Sethia London Limited continues to be the company's immediate parent company.

**15 ULTIMATE PARENT COMPANY**

The ultimate parent company is N Sethia Group Limited, a company incorporated in England and Wales.