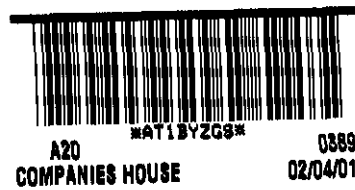


Company number: 884903

SETHIA LONDON LIMITED

Directors' report and accounts

31 July 2000



Directors' report

The directors submit their report with the accounts of the company for the year ended 31 July 2000.

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 result of the company for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and then to apply them consistently, make judgments 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 financial statements, and prepare financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £253,534 (1999: profit £682,881). The directors do not propose any transfer to reserve nor the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities were commission agents, trading in commodities and goods, commodity futures, shares, currencies and exporting. The result for the year is shown on page 3. The directors are confident of improved results in the year ahead, and they are continually seeking new business opportunities.

DIRECTORS AND THEIR INTERESTS


The directors and their interests in the share capital of the holding company were as follows:

	At 31.7.00	At 31.7.99
	Ord shares	Ord shares
Nirmal K Sethia & spouse - beneficial holding	219,620	219,620
Nirmal K Sethia - non-beneficial holding	883,080	883,080
A K Pyne	-	-
J P S Booth	-	-
S Saab (resigned 31.12.99)		

AUDITORS

The auditors, Croft May & Co, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board


A. K. PYNE
Secretary

Dated: 7 March 2001

SETHIA LONDON LIMITED

We have audited the financial statements on pages 3 to 13 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgments 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

33 Marloes Road
Kensington
London W8 6LG

Dated: 7 March 2001



CROFT MAY & CO
Chartered Accountants
Registered Auditors

SETHIA LONDON LIMITED
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**Profit and loss account
for the year ended 31 July 2000**

	2000		1999	
	£	£	£	£
TURNOVER - continuing operations (note 2)		34,312,584		43,940,941
Cost of sales		(33,127,162)		(41,206,593)
		<u>1,185,422</u>		<u>2,734,348</u>
Gross profit				
Selling and distribution costs	(201,013)		(214,204)	
Establishment and administrative expenses	(1,414,029)		(1,584,517)	
		<u>(1,615,042)</u>		<u>(1,798,721)</u>
OPERATING (LOSS)/ PROFIT - continuing operations (note 3)		<u>(429,620)</u>		<u>935,627</u>
Income from shares in group undertaking		962,217		-
Income from investment (note 4)		-		102
Interest receivable (note 5)		14,807		230,142
Rent receivable		-		11,397
Amounts written off investments (note 11)		(200,000)		(35,232)
Interest payable and similar charges (note 6)		(527,951)		(66,595)
Translation differences on exchange - profit/(loss) (note 9)		76,840		34,636
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(103,707)</u>		<u>1,110,077</u>
Tax on profit on ordinary activities (note 7)		(149,827)		(427,196)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (note 16)		<u>(253,534)</u>		<u>682,881</u>
Dividend paid (note 8)		-		(500,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR (note 16)		<u>£(253,534)</u>		<u>£182,881</u>

There were no recognised gains or losses other than the result for the year as disclosed above.

The notes on pages 6 to 13 form part of these accounts

Profit and loss account
for the year ended 31 July 2000 (continued)

NOTE OF HISTORICAL COST PROFITS AND LOSSES	2000	1999
	£	£
Reported (loss)/profit on ordinary activities before taxation	(103,707)	1,110,077
Historical cost (loss)/profit on ordinary activities before taxation	<u>(103,707)</u>	<u>1,110,077</u>
Tax on profit on ordinary activities (note 7)	(149,827)	(427,196)
	<u>(253,534)</u>	<u>682,881</u>
Dividends paid (note 8)	-	(500,000)
Historical cost (loss)/profit for the year retained	<u>£(253,534)</u>	<u>£182,881</u>

The notes on pages 6 to 13 form part of these accounts

SETHIA LONDON LIMITED

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 Balance sheet
at 31 July 2000

	2000		1999	
	£	£	£	£
FIXED ASSETS				
Tangible assets (note 10)		165,065		209,675
Investments (note 11)		1,576,712		1,776,697
		<u>1,741,777</u>		<u>1,986,372</u>
 CURRENT ASSETS				
Stock (note 12)	2,175,337		194,658	
Debtors (note 13)	3,834,628		2,749,735	
Cash at bank and in hand	1,480,538		1,043,064	
	<u>7,490,503</u>		<u>3,987,457</u>	
CREDITORS: amounts				
falling due within				
one year (note 14)	<u>6,689,603</u>		<u>3,177,618</u>	
 NET CURRENT ASSETS		800,900		809,839
 TOTAL ASSETS LESS				
CURRENT LIABILITIES		<u>£2,542,677</u>		<u>£2,796,211</u>
 CAPITAL AND RESERVES (all equity interests)				
Called up share capital (note 15)		1,200,000		1,200,000
Profit and loss account (note 16)		1,342,677		1,596,211
		<u>£2,542,677</u>		<u>£2,796,211</u>

 Approved by the board on 7 March 2001
and signed on its behalf by

Director


NIRMAL K SETHIA

The notes on pages 6 to 13 form part of these accounts.

Notes to the accounts
at 31 July 2000

1 ACCOUNTING POLICIES

(a) Accounting convention:

The accounts are prepared in accordance with applicable accounting standards and under the historical cost convention. Under Financial Reporting Standard 1 paragraph 8(c) the company is exempt from the requirement to publish a cash flow statement as it is a wholly owned subsidiary of a UK undertaking.

(b) 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 rates:

Freehold building	- 2% pa straight line basis
Leasehold land and buildings	- over the term of the lease
Furniture and equipment	- 25% pa reducing instalment basis
Motor vehicles	- 25% pa reducing instalment basis

(c) Stocks:

Stocks are stated at the lower of cost and net realisable value.

(d) Foreign currencies:

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date except for certain non-monetary assets which are translated at the historic sterling equivalent. 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 are taken to profit and loss account.

(e) Assets acquired by hire purchase or lease:

Such assets are capitalised in accordance with Statement of Standard Accounting Practice 21 and are depreciated over their useful lives. Finance charges are calculated on the straight line basis and are charged to profit and loss account.

Notes to the accounts (continued)
at 31 July 2000

2 TURNOVER

The turnover and pre-tax profit is attributable to trading in commodities, commodity futures, currencies, exporting and commission receivable (stated net of VAT). The turnover is attributable to continuing operations.

An analysis of turnover by geographical market is given below:

	2000 £'000	1999 £'000
Asia	243	2,321
Africa	90	109
Europe (ex UK)	1,371	4,114
United Kingdom	32,609	37,397
	<u>£34,313</u>	<u>£43,941</u>

Analysis of turnover and gross profit by business activity

	Turnover £'000	Gross Profit £'000
Equity trading	4,896	208
Futures trading	17,042	(56)
Currencies	10,371	(233)
Goods sold	111	(34)
Commissions receivable	1,593	1,000
Management fees	300	300
	<u>£34,313</u>	<u>£1,185</u>

3 OPERATING PROFIT/LOSS

This is stated after charging/crediting:

	2000 £	1999 £
Directors' remuneration	290,296	262,510
Auditors' remuneration	13,500	13,500
Depreciation	38,394	38,681
Profit on disposal of fixed assets	(64,402)	(2,286)

The emoluments of the chairman, excluding pension contributions, were £141,418 (1999 £131,594)

Notes to the accounts (continued)
at 31 July 2000

3	OPERATING PROFIT/LOSS (continued)	2000	1999
	Employees:	No.	No.
	Average number of people employed during the year (administration etc)	13	13
	Cost in respect of these employees:	£	£
	Salaries	412,715	382,267
	Social security costs	46,769	42,561
		<u>£459,484</u>	<u>£424,828</u>
4	INCOME FROM INVESTMENTS	2000	1999
	Listed investments	-	<u>£102</u>
5	INTEREST RECEIVABLE	2000	1999
	Bank deposit interest	14,807	19,077
	Other interest receivable	-	211,065
		<u>£14,807</u>	<u>£230,142</u>
6	INTEREST PAYABLE AND SIMILAR CHARGES	2000	1999
	On loans wholly repayable within one year	<u>£527,951</u>	<u>£66,595</u>
7	TAX ON PROFIT ON ORDINARY ACTIVITIES	2000	1999
		£	£
	UK Corporation tax: 30% (1999: 30.3%)	78,827	313,749
	Double taxation relief		(202,019)
	Overseas taxation		315,466
	Adjustment for prior years	71,000	-
		<u>£149,827</u>	<u>£427,196</u>
8	DIVIDENDS	2000	1999
	Dividend paid on equity shares	-	<u>£500,000</u>

Notes to the accounts
at 31 July 2000 (continued)

9	TRANSLATION DIFFERENCES ON EXCHANGE	2000	1999
	Translation differences on exchange:		
	Retranslation of opening balances	269,451	30,016
	Differences during the year	(192,611)	4,620
	Amounts credited to profit and loss account	<u>£76,840</u>	<u>£34,636</u>

10 TANGIBLE FIXED ASSETS

	Land & Buildings Freehold	Short Lease	Furn/ equip	Motor cars	Total
	£	£	£	£	£
Cost or valuation:					
1. 8.99	62,830	125,000	316,727	142,188	646,745
Additions	-	-	4,489	51,215	55,704
Disposals	-	(125,000)	-	-	(125,000)
31. 7.00	<u>62,830</u>	<u>-</u>	<u>321,216</u>	<u>193,403</u>	<u>577,449</u>
Depreciation:					
1. 8.99	6,666	63,080	264,479	102,845	437,070
Charge for year	323	-	14,184	23,887	38,394
On disposals	-	(63,080)	-	-	(63,080)
31. 7.00	<u>6,989</u>	<u>-</u>	<u>278,663</u>	<u>126,732</u>	<u>412,384</u>
Net Book Value:					
31. 7.00	55,841	-	42,553	66,671	£165,065
31. 7.99	56,164	61,920	52,248	39,343	£209,675

Depreciation has not been charged on freehold land, which is stated at an estimated cost of £40,000 (1999: £40,000)

Notes to the accounts
at 31 July 2000 (continued)

11 INVESTMENTS

At cost less provision for diminution in value:		£
At 1.8.99		1,776,697
Additions		15
		<u>1,776,712</u>
Less provision for diminution in value of subsidiaries		200,000
		<u>£1,576,712</u>
Summary:	2000	1999
	£	£
Unlisted investments	<u>1,576,712</u>	<u>1,776,697</u>

The company holds more than 10% of the equity of the following companies:

Name of Company	Country of incorporation	Holding (shares)	Proprn held	Nature of business
Olero Investment Ltd	Cyprus	600,000	100%	Management services
Pashupati Securities Mauritius Ltd	Mauritius		100%	Investment company
The Hind Securities and Investment Ltd	Mauritius		100%	Investment company
Newby Teas Ltd	UK	199,985	99.99%	Tea Merchants

Notes to the accounts
at 31 July 2000 (continued)

12	STOCK	2000 £	1999 £
	Goods for resale (including investments £2,103,877 held as trading stock)	<u>2,175,337</u>	<u>194,658</u>
13	DEBTORS	2000 £	1999 £
	Trade debtors	33,066	60,707
	Amounts owed by group undertakings	3,223,319	1,359,563
	Other debtors	570,389	1,035,807
	Prepayments, commissions payable in advance and accrued income	<u>7,854</u>	<u>293,658</u>
		<u>£3,834,628</u>	<u>£2,749,735</u>
14	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000 £	1999 £
	Bank loans and overdrafts	1,647,436	-
	Trade creditors	16,658	23,902
	Corporation tax	5,012	120,926
	Amounts owed to group undertakings	1,348,466	292,320
	Other taxes and social security costs	17,377	19,899
	Other creditors	3,529,633	700,188
	Accruals	<u>125,021</u>	<u>2,020,383</u>
		<u>£6,689,603</u>	<u>£3,177,618</u>

Note:

The bank loans/overdrafts are secured by a charge on group land and buildings.

Notes to the accounts
at 31 July 2000 (continued)

15 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2000 No.	1999 No.	2000 £	1999 £
Ordinary shares of £1 each	2,000,000	2,000,000	1,200,000	1,200,000

16 RESERVES

	Profit and loss account £
At 1 August 1999	1,596,211
(Loss) for the year	(253,534)
At 31 July 2000	<u>£1,342,677</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUND

	2000 £	1999 £
(Loss)/profit for the financial year	(253,534)	682,881
Dividends	-	(500,000)
Opening shareholders' funds	2,796,211	2,613,330
Closing shareholders' funds	<u>£2,542,677</u>	<u>£2,796,211</u>

Notes to the accounts
at 31 July 2000 (continued)

18 HOLDING COMPANY

The company is a wholly owned subsidiary of N. Sethia (London) Limited, a company incorporated in the UK.

19 RELATED PARTY TRANSACTIONS

Loans from related parties

	Balance at 1 August 1999	Balance at 31 July 2000	Maximum outstanding balance	Interest payable
	£	£	£	£
N K and C D Sethia	70,859	-	132,124	-

N K & C D Sethia as Trustees
of the following settlements:

Sethia 1999 Family Settlement	-	80,690	80,690	-
Rishi Raj Sethia Settlement	4,666	7,429	7,429	18,395
Puru Raj Sethia Settlement	309,507	326,820	326,820	75,297
Richa Valrani Settlement	757	169,281	169,281	56,340

Included in creditors is a sum of £576,851 due to N Sethia Foundation. Mr N K Sethia is a trustee of this registered charity