Registered Number 0486321

E.R. Kingsley (Textiles) Limited

Annual report and financial statements

for the year ended 31 March 2011

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E.R. Kingsley (Textiles) Limited

Annual report and financial statements for the year ended 31 March 2011

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E. R. Kingsley (Textiles) Limited

Directors and advisers for the year ended 31 March 2011

Directors
Mr K J Richardson
Mr R R Mandawewala
Mr J S Rosenblatt (resigned 30 July 2010)

Secretary
Mr K J Richardson

Registered Office
Carrfield Mills
Newton Street
Hyde
Cheshire
SK14 4NR

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors
Walker Morris
Kings Court
12 King Street
Leeds
LS1 2HL

Bankers
Bank of India
79 Newton Street
Manchester
M1 1EX

Barclays Bank Plc
Birmingham Corporate Office
15 Colmore Row
Birmingham
B3 2EP

E. R. Kingsley (Textiles) Limited

Directors' report for the year ended 31 March 2011

The directors present their report and the audited financial statements of the company for the year ended 31 March 2011

Principal activities
The principal activity of the company continued to be that of import and wholesale supply of household textiles

Review of business
As part of a wider group restructuring, the company sold all of its trading inventory at book value, to fellow subsidiary company Welspun UK Limited on 30 June 2010 and ceased to trade with effect from that date Since that date all other trading assets have been realised and the company is now dormant

The company's profit and loss account is shown on page 6 and the balance sheet on page 7 The directors do not recommend the payment of a dividend (2010 £nil)

Directors and their interests
The directors who held office during the period are given below
Mr K J Richardson
Mr R R Mandawewala
Mr J S Rosenblatt (resigned 30 July 2010)

None of the current directors had an interest in the share capital of the company

Charitable donations
The company gave £nil for charitable purposes during the year (2010 £nil)

Health and safety
It is the company's policy to ensure that as far as it is reasonably practicable, there is a working environment which will minimise the risk to health and safety of its employees or persons in its premises

Employment policies – disabled persons
It is the company's policy to give full and fair consideration to applications from disabled persons for those vacancies which, in the opinion of the directors, they are able to fill The company is committed to continuing employment and appropriate training for existing employees who become disabled, having regard to their continued ability to fulfil the duties of the role The company has an ongoing commitment to provide training, career development and promotion to disabled persons, in common with its commitment to the balance of its employees

Policy and practice on payment of creditors
The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate These arrangements are adhered to when making payments, subject always to the terms and conditions being met by the supplier

Financial risk management
The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk Given the size of the company, the directors have not established a sub-committee of the Board to monitor financial risk management, but implement and monitor those policies established by its intermediate parent company, Welspun Home Textiles UK Limited

Directors' report for the year ended 31 March 2011 (continued)

Credit risk
Where appropriate, relevant credit checks are performed on potential customers before sales are made The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the executive directors of Welspun Home Textiles UK Limited

Liquidity and interest rate risk
The company's working capital requirements are funded by its intermediate parent, Welspun Home Textiles UK Limited These risks are therefore managed and monitored at that level

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations
Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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
The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions
Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that
(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the Board

K J Richardson KJR
Secretary
16 **December 2011**

E. R. Kingsley (Textiles) Limited

Independent Auditors' Report to the Members of E.R. Kingsley (Textiles) Limited

We have audited the financial statements of E R Kingsley (Textiles) Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the E R Kingsley (Textiles) Limited annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of E.R. Kingsley (Textiles) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jason Leach (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

16 **December 2011**

E. R. Kingsley (Textiles) Limited

Profit and loss account for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	1	-	545,767
Net operating income / (costs)	2	**9,450**	(540,639)
Operating profit	3	**9,450**	5,128
Interest payable	6	-	(683)
Profit on ordinary activities before taxation		**9,450**	4,445
Tax credit /(charge) on profit on ordinary activities	7	**(2,434)**	1,373
Profit for the financial year	11	**7,016**	5,818

There were no recognised gains or losses other than those recognised above and therefore no separate statement of total recognised gains and losses has been presented

All results were generated from discontinuing operations

The accounting policies and notes on pages 8 to 12 form an integral part of these financial statements

E. R. Kingsley (Textiles) Limited

Balance sheet as at 31 March 2011

	Notes	2011 £	2010 £
Current assets			
Debtors	8	**588,611**	588,807
Cash at bank and in hand		**122**	-
		588,733	588,807
Creditors amounts falling due within one year	9	-	(7,090)
Net current assets		**588,733**	581,717
Net assets		**588,733**	581,717
Capital and reserves			
Called up share capital	10	**2,000**	2,000
Profit and loss account	11	**586,733**	579,717
Total equity shareholders' funds	12	**588,733**	581,717

The financial statements on pages 6 to 12 were approved by the Board of Directors on 16 December 2011 and signed on their behalf by

K J Richardson
Finance Director & Company Secretary
Registered no. 0486321

The accounting policies and notes on pages 8 to 12 form an integral part of these financial statements

E. R. Kingsley (Textiles) Limited

Statement of accounting policies

Basis of accounting
These financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable UK accounting standards The principal accounting policies, which have been applied consistently, are set out below

Turnover
Turnover represents the amounts received or receivable for goods and services provided to customers less returns and allowances, excluding VAT Turnover is recognised on despatch of the goods or completion of the services provided

Cash flow statement and related party disclosures
The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) as a consolidated cash flow is included in the accounts of the ultimate parent undertaken

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Welspun Home Textiles UK Limited Group

E. R. Kingsley (Textiles) Limited

Notes to the financial statements for the year ended 31 March 2011

1 Segmental reporting

The company's turnover and operating profit relate entirely to its principal activity The geographical analysis of turnover is

	2011 £	2010 £
United Kingdom	-	545,767

2 Net operating costs

	2011 £	2010 £
Change in stocks of finished goods and work in progress	-	247,565
Purchases of goods for re-sale, carriage inwards and import duty	-	215,590
Staff costs (see Note 5)	-	25,817
Depreciation	-	4,703
Other operating (income) / charges	**(9,450)**	46,964
	(9,450)	540,639

3 Operating profit

Operating profit is stated after charging	2011 £	2010 £
Operating lease rentals – Plant and machinery	-	1,909

Auditors' remuneration is borne by a parent undertaking, without recharge

4 Directors' emoluments

The directors received no emoluments in respect of their services to this company

5 Employees and directors

	2011 £	2010 £
Wages and salaries	-	25,000
Other pension costs	-	817
Total staff costs	-	25,817

Notes to the financial statements for the year ended 31 March 2011 (continued)

6 Interest payable

	2011 £	2010 £
Bank overdraft interest payable	-	683

7 Tax on profit on ordinary activities

(a) Analysis of tax charge/(credit) in year

	2011 £	2010 £
Current tax		
UK corporation tax charge / (credit) on profit for the year	**2,646**	(1,171)
Adjustment in respect of prior period	**(1,201)**	-
Total current tax charge / (credit) (Note 7 (b))	**1,445**	(1,171)
Deferred tax		
Current year	-	2,628
Prior year	**989**	(2,830)
Total deferred tax charge/(credit)	**989**	(202)
Total tax charge/(credit) on profit on ordinary activities	**2,434**	(1,373)

(b) Factors affecting tax charge for the period

The tax assessed for the year and prior period is lower (2010 higher credit) than the standard rate of corporation tax in the UK of 28% (2010 28%) as follows

	2011 £	2010 £
Profit on ordinary activities before tax	**9,450**	4,445
Profit on ordinary activities multiplied by standard rate in the UK of 28% (2010 28%)	**2,646**	1,245
Effects of		
Expenses not deductible for taxation purposes	-	212
Corporation tax loss relief	-	(2,628)
Adjustment in respect of prior period	**(1,201)**	-
Current tax charge/(credit) for the year	**1,445**	(1,171)

(c) Factors which may affect future tax charges

The UK Government announced on 22 June 2011 the gradual reduction in the main rate of corporation tax from 28% to 24% over 4 years from 1 April 2011 In addition they announced a slight reduction in the main capital allowance rate from 20% to 18% from 1 April 2012 Note, the above does not have any implication in respect of current accounting as it had not been substantively enacted at the end of the year

Notes to the financial statements for the year ended 31 March 2011 (continued)

8 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	**588,611**	587,818
Deferred tax asset (note 13)	**-**	989
	588,611	588,807

9 Creditors: amounts falling due within one year

	2011 £	2010 £
Other creditors	**-**	7,090
	-	7,090

10 Share capital

	2011 £	2010 £
Authorised		
2,000 ordinary shares of £1 each	**2,000**	2,000
Allotted, called up and fully paid		
2,000 ordinary shares of £1 each	**2,000**	2,000

11 Reserves

	Profit and loss account £
At 1 April 2010	579,717
Profit for the year	7,016
At 31 March 2011	**586,733**

Notes to the financial statements for the year ended 31 March 2011 (continued)

12 Reconciliation of movement in equity shareholders' funds

	£
Opening equity shareholders' funds	581,717
Profit for the year	7,016
Closing equity shareholders' funds	**588,733**

13 Deferred taxation

	2011 £'000	2010 £'000
The movement on the provision for deferred tax was as follows		
At 1 April 2010	**989**	787
Current year	-	(2,627)
Prior year adjustment	**(989)**	2,829
At 31 March 2011	-	989

14 Ultimate parent undertaking

The immediate parent company is Christy Home Textiles Limited, a company incorporated in Great Britain and registered in England and Wales The intermediate parent undertaking is Welspun Home Textiles UK Limited, a company incorporated in Great Britain and registered in England and Wales This is the parent undertaking of the smallest group to consolidate these financial statements Copies of the Welspun Home Textiles UK Limited consolidated financial statements can be obtained, upon payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ

The ultimate parent undertaking and controlling party, by virtue of its 100% shareholding in Welspun Home Textiles UK Limited, is Welspun India Limited, a company incorporated in India and quoted on the Mumbai (India) Stock Exchange