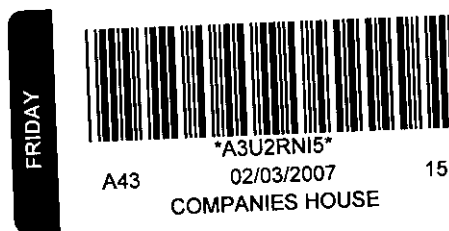


Registered Number 00486321

E. R. Kingsley (Textiles) Limited
Report and financial statements
for the eighteen month period
ended 30 June 2006



E. R. Kingsley (Textiles) Limited

Report and financial statements for the eighteen month period ended 30 June 2006

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E. R. Kingsley (Textiles) Limited

Directors and advisers for the eighteen month period ended 30 June 2006

Directors

Mr J S Rosenblatt	(Appointed 11 October 2005)
Mr A R Davies FCA	(Appointed 11 October 2005)
Mr J S Chadha	(Appointed 11 October 2005)
Mr S R McGuffie	(Appointed 11 October 2005)
Mr A R Kingsley	(Resigned 11 October 2005)
Mr S M Kingsley	(Resigned 11 October 2005)
Mr R R Mandawewala	(Appointed 3 July 2006)

Secretary

Mr A R Davies FCA	(Appointed 11 October 2005)
Mrs C D Pressman	(Resigned 11 October 2005)

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

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

E. R. Kingsley (Textiles) Limited

Directors' report for the eighteen month period ended 30 June 2006

The directors present their report and the audited financial statements of the company for the eighteen month period ended 30 June 2006.

Principal activities

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

Review of business and future developments

On 30 September 2005 the entire share capital of the company was acquired by Christy Home Textiles Limited, a member of the CHT Holdings Limited group of companies. The company has traded satisfactorily during the latter part of the period and the immediate prospects are healthy.

The company's profit and loss account is shown on page 8 and the balance sheet on page 9. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the period are given below:

Mr J S Rosenblatt	(Appointed 11 October 2005)
Mr A R Davies FCA	(Appointed 11 October 2005)
Mr J S Chadha	(Appointed 11 October 2005)
Mr S R McGuffie	(Appointed 11 October 2005)
Mr A R Kingsley	(Resigned 11 October 2005)
Mr S M Kingsley	(Resigned 11 October 2005)
Mr R R Mandawewala	(Appointed 03 July 2006)

None of the current directors had an interest in the share capital of the company. The interests of the current directors in the share capital of the ultimate holding company, CHT Holdings Limited, are disclosed in those financial statements. The interests of the retiring directors in the share capital of the company were as follows:

	Number of ordinary shares	
	At 30 June	At 31 Dec
	2006	2004
	No.	No.
A R Kingsley	-	1,040
S M Kingsley	-	320

Charitable donations

The company gave £21 (year ended 31 December 2004: £1,000) for charitable purposes during the eighteen month period ended 30 June 2006.

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.

E. R. Kingsley (Textiles) Limited

Directors' report for the eighteen month period ended 30 June 2006 (continued)

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.

Post balance sheet event

On 3 July 2006, an 85% controlling interest in the ultimate holding company, CHT Holdings Limited was sold to Welspun Home Textiles UK Limited, a wholly owned subsidiary of Welspun India Limited, a company quoted on the Mumbai (India) Stock Exchange. The transaction also conveys the right, through a Put/Call agreement for the acquirer to purchase or the vendor to sell the balance of the share capital to Welspun Home Textiles UK Limited; such option is not exercisable until 31 March 2009. A consequence of this transaction is that the accounting reference date for future accounting periods will change to 31 March.

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, CHT Holdings Limited.

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 CHT Holdings Limited.

Liquidity and interest rate risk

Throughout the year, CHT Holdings Limited actively maintained a mixture of long-term and short-term debt finance, which was designed to ensure that the group, including the company, had access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion.

The company is exposed to interest rate risk on its bank facilities. The interest rate risk to the CHT Holdings group as a whole, including the company, is also managed by the board of that company who keep under regular review current market rates and anticipated future market trends, and take appropriate action in order to protect the group, including the company, from rises in interest rates.

Subsequent to the balance sheet date a controlling interest in the CHT Holdings group was acquired by Welspun India Limited and going forward the liquidity and interest rate risk of the CHT Holdings group, including the company, will primarily be managed and monitored at that level.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

E. R. Kingsley (Textiles) Limited

Directors' report for the eighteen month period ended 30 June 2006 (continued)

Statement of directors' responsibilities (continued)

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the eighteen month period ended 30 June 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director 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



A R Davies FCA
Secretary
January 2007

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 period ended 30 June 2006 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Manchester
22 January 2007

E. R. Kingsley (Textiles) Limited

Profit and loss account for the eighteen month period ended 30 June 2006

	Notes	Period ended 30 June 2006 £	Year ended 31 December 2004 £
Turnover	1	2,707,886	2,276,170
Operating costs (net)	2	(2,876,114)	(2,481,850)
Operating loss	3	(168,228)	(205,680)
Interest (payable)/receivable (net)	6	(13,682)	2,166
Loss on ordinary activities before taxation		(181,910)	(203,514)
Tax on loss on ordinary activities	7	-	-
Loss for the financial period	13	(181,910)	(203,514)

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 continuing operations.

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements.

E. R. Kingsley (Textiles) Limited

Balance sheet as at 30 June 2006

	Notes	At 30 June 2006 £	At 31 Dec 2004 £
Fixed assets			
Tangible assets	8	1,075	25,418
		1,075	25,418
Current assets			
Stocks	9	300,575	369,542
Debtors	10	431,019	371,311
Cash at bank and in hand		63,499	128,335
		795,093	869,188
Creditors: amounts falling due within one year	11	(573,697)	(490,225)
Net current assets		221,396	378,963
Total assets less current liabilities		222,471	404,381
Capital and reserves			
Called up share capital	12	2,000	2,000
Profit and loss account	13	220,471	402,381
Total equity shareholders' funds	14	222,471	404,381

The financial statements on pages 8 to 17 were approved by the Board of Directors on 22 January 2007 and signed on their behalf by:



J S Rosenblatt
Managing Director



A R Davies FCA
Finance Director & Company Secretary

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements.

E. R. Kingsley (Textiles) Limited

Statement of accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis in accordance with applicable Accounting Standards under the historical cost convention as modified by the revaluation of freehold land and buildings. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Change in accounting policy

The company has adopted FRS 21 'Events after the balance sheet date' in these financial statements. The adoption of this standard represents a change in accounting policy but it did not require the restatement of any of the comparative figures.

The company has also complied with the presentation requirements of FRS 25 'Financial Instruments: Disclosure and Presentation'; accordingly dividends paid are no longer disclosed on the face of the profit and loss account but as a distribution out of profit and loss reserves.

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.

Stocks

Stocks are valued at the lower of purchase price and net realisable value. Net realisable value is based on estimated selling price less selling costs.

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on the straight line method over the following expected useful economic lives of each class of tangible fixed assets:

Plant and machinery	up to 10 years
Fixtures and fittings	up to 10 years
Computer equipment	up to 4 years

Taxation

In accordance with Financial Reporting Standard No. 19 deferred taxation is fully provided in respect of timing differences to the extent that it is probable that a liability will arise or that it is more likely than not that an asset will be recoverable. Deferred tax balances are not discounted.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on the straight line basis over the lease term.

Transactions in foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction or at contracted forward rates of exchange. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates or at contracted forward rates of exchange. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

Pension - defined contribution scheme

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account in the period to which they relate.

E. R. Kingsley (Textiles) Limited

Statement of accounting policies (continued)

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Christy Home Textiles Limited, which is in turn a wholly owned subsidiary of CHT Holdings Limited and is included in the consolidated financial statements of that company. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised). The company is also exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the CHT Holdings Group or investees of the CHT Holdings Group.

E. R. Kingsley (Textiles) Limited

Notes to the financial statements for the period ended 30 June 2006

1 Segmental reporting

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

	Period ended 30 June 2006 £	Year ended 31 December 2004 £
United Kingdom	2,386,004	2,045,463
Rest of Europe	317,926	230,707
Rest of the World	3,956	-
	2,707,886	2,276,170

2 Operating costs (net)

	Period ended 30 June 2006 £	Year ended 31 December 2004 £
Change in stocks of finished goods and work in progress	68,967	50,592
Other operating income – commissions receivable	(119,527)	(83,805)
Purchases of goods for re-sale, carriage inwards and import duty	2,024,870	1,771,939
Staff costs (see Note 5)	345,038	253,744
Depreciation of tangible assets (see Note 8)	6,968	9,809
Other operating charges	549,798	479,571
	2,876,114	2,481,850

3 Operating loss

	Period ended 30 June 2006 £	Year ended 31 December 2004 £
Operating loss is stated after charging:		
Auditors' remuneration for:		
Audit work	2,500	-
Non-audit work	4,439	9,840
Loss on sale of fixed assets	17,375	1,039
Operating lease rentals:		
Land and buildings	26,698	30,500
Plant and machinery	2,259	2,655

E. R. Kingsley (Textiles) Limited

4 Directors' emoluments

Remuneration in respect of directors was as follows:

	Period ended 30 June 2006	Year ended 31 December 2004
	£	£
Aggregate emoluments	90,000	120,000

The directors' emoluments as disclosed above represent those of the proprietor prior to the acquisition of the company by Christy Home Textiles Limited. The emoluments of the directors as at the balance sheet date are disclosed in the group accounts (CHT Holdings Limited – Reg No. 04008186).

5 Staff costs

	Period ended 30 June 2006	Year ended 31 December 2004
	£	£
Wages and salaries		
Social security costs		
Other pension costs		
Total staff costs	345,038	253,744

6 Interest payable/(receivable) (net)

	Period ended 30 June 2006	Year ended 31 December 2004
	£	£
Bank overdraft interest payable	4,001	484
Interest payable to parent company	11,250	-
Interest receivable	(1,569)	(2,650)
Interest payable/(receivable) (net)	13,682	(2,166)

7 Tax on loss on ordinary activities

(a) Analysis of charge in period

	Period ended 30 June 2006	Year ended 31 December 2004
	£	£
Current tax		
UK corporation tax on profits for the period	-	-
Total tax charge on profit on ordinary activities (Note 7(b))	-	-

E. R. Kingsley (Textiles) Limited

7 Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the period

The tax assessed for the period is different (2004: different) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period ended 30 June 2006 £	Year ended 31 December 2004 £
Loss on ordinary activities before tax	(181,910)	(203,514)
Loss on ordinary activities multiplied by standard rate in the UK of 30% (2004: 30%)	(54,573)	(61,054)
Effects of:		
Expenses not deductible for taxation purposes	12,913	17,361
Corporation tax loss relief carried forward	41,660	43,693
Current tax charge for the period	-	-

8 Tangible fixed assets

	Plant and machinery £	Total £
Cost		
As at 1 January 2005	103,934	103,934
Disposals in the year	(50,175)	(50,175)
At 30 June 2006	53,759	53,759
Depreciation		
As at 1 January 2005	78,516	78,516
Charged in the year	6,968	6,968
Disposals in the year	(32,800)	(32,800)
At 30 June 2006	52,684	52,684
Net book value		
At 30 June 2006	1,075	1,075
At 31 December 2004	25,418	25,418

E. R. Kingsley (Textiles) Limited

9 Stocks

	At 30 June 2006 £	At 31 Dec 2004 £
Finished goods and goods for resale	300,575	369,542

10 Debtors

	At 30 June 2006 £	At 31 Dec 2004 £
Trade debtors	355,998	305,279
Amounts owed by group undertakings	26,973	-
Other debtors	46,798	66,032
Prepayments and accrued income	1,250	-
	431,019	371,311

11 Creditors: amounts falling due within one year

	At 30 June 2006 £	At 31 Dec 2004 £
Trade creditors	313,193	398,090
Bills of exchange payable	63,797	-
Amounts owed to group companies	5,983	-
Loan from parent company	150,000	-
Other taxes and social security	29,649	61,993
Other creditors	11,075	30,142
	573,697	490,225

The parent company loan is repayable upon written demand and bears interest at the rate of 10% per annum.

12 Share capital

	At 30 June 2006 £	At 31 Dec 2004 £
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

E. R. Kingsley (Textiles) Limited

13 Reserves

	Profit and loss account £
At 1 January 2005	418,412
Prior year adjustment	(16,031)
Loss for the period	(181,910)
At 30 June 2006	220,471

14 Reconciliation of movement in equity shareholders' funds

	£
Opening equity shareholders' funds	420,412
Prior year adjustment	(16,031)
Loss for the period	(181,910)
Closing equity shareholders' funds	222,471

15 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial period.

	Land and buildings Jun 2006 £	Land and buildings Dec 2004 £	Others Jun 2006 £	Others Dec 2004 £
Operating leases expiring:				
Within one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	2,259	2,655
In excess of five years	-	30,500	-	-
	-	30,500	2,259	2,655

E. R. Kingsley (Textiles) Limited

16 Ultimate parent undertaking

The immediate parent company is Christy Home Textiles Limited, a company incorporated in Great Britain and registered in England and Wales.

At 30 June 2006, the ultimate parent undertaking and controlling party was CHT Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. This is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the CHT Holdings Limited consolidated financial statements can be obtained, upon payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ.

17 Post balance sheet events

On 3 July 2006, an 85% controlling interest in the ultimate holding company, CHT Holdings Limited was sold to Welspun Home Textiles UK Limited, a wholly owned subsidiary of Welspun India Limited, a company quoted on the Mumbai (India) Stock Exchange. The transaction also conveys the right, through a Put/Call agreement for the acquirer to purchase or the vendor to sell the balance of the share capital to Welspun Home Textiles UK Limited; such option is not exercisable until 31 March 2009. A consequence of this transaction is that the accounting reference date for future accounting periods will change to 31 March.