

Registered number: 03902741

WELSPUN UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

WELSPUN UK LIMITED

COMPANY INFORMATION

DIRECTORS Mr R R Mandawewala (resigned 10 April 2017)
Mr M Bansal
L Taylor (appointed 6 September 2016)
D B Goenka (appointed 10 April 2017)

COMPANY SECRETARY Mr M Bansal

REGISTERED NUMBER 03902741

REGISTERED OFFICE Park Square
Bird Hall Lane
Stockport
Cheshire
SK3 0XF

INDEPENDENT AUDITOR Crowe Clark Whitehill LLP
3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

BANKERS Bank of India
79 Newton Street
Manchester
M1 1EX

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50 Swan Street
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PO Box 3333
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WELSPUN UK LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9 - 10
Notes to the financial statements	11 - 28

WELSPUN UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The principal activities of the company are the sourcing, distribution and retailing of terry towels, robes and associated bathroom products, along with the distribution and retailing of branded bed linen and bathroom accessories.

BUSINESS REVIEW

The Christy Brand is a premier UK towel brand and the business was originally established in 1850 by members of the Christy family. The company was acquired by Welspun India Limited in June 2006.

The Company's profit and loss account is shown on page 7 and the balance sheet on page 9. Sales for the year amounted to £25.89m compared with £24.40m in the previous year. Free on Board (FOB) commissions received from the parent company increased to £2.96m (£2.68m in the previous year). The additional commissions received contributed to a profit on ordinary activities before taxation of £0.41m compared with a profit in the prior year of £1.52m. The Directors are satisfied with the future prospects for the business.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

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 its intermediate parent, CHT Holdings Limited.

Liquidity and interest rate risk

The company's working capital requirements are funded by CHT Holdings Limited. These risks are therefore managed and monitored at that level.

Foreign exchange risk

Foreign exchange risk is managed upon a group-wide basis by the executive directors of CHT Holdings Limited. There is a written foreign exchange policy with the principal aim of minimising fluctuations in business performance arising from exchange rate movements. The company's main trading currencies are Sterling, US Dollar and the Euro. As a result of the company's fellow overseas trading subsidiaries, Christy USA LLC and Christy Europe GmbH as well as the company's sourcing routes, transactional hedges are maintained, supplemented as necessary by forward foreign exchange contracts.

WELSPUN UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

FINANCIAL KEY PERFORMANCE INDICATORS

The company has moved from a profit before taxation position of £1.52m to a profit before tax of £0.41m, mainly due to price, less liquidation of inventory, focus on high margin customers and increased other income

This report was approved by the board on

and signed on its behalf.


Mr M Bansal
Director

WELSPUN UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £411 thousand (2016 - £1,222 thousand).

DIRECTORS

The directors who served during the year were:

Mr R R Mandawewala (resigned 10 April 2017)

Mr M Bansal

L Taylor (appointed 6 September 2016)

FUTURE DEVELOPMENTS

The company is actively exploring various avenues to grow our business over the coming years to improve the visibility of the 'Christy' brand worldwide. All these activities have at their heart, tradition and high-quality that the 'Christy' brand has become synonymous with for more than a century. The company can rely on the experience and support of its parent company to help it face newer challenges and thus write a new chapter in Christy's rich history.

WELSPUN UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring the 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 terms and conditions being met by the supplier.

EMPLOYEE INVOLVEMENT

It is the company's policy to provide information to its employees which both aid their understanding of their personal contribution to the success of the company and allow them to monitor progress towards profit based incentive schemes that cover the entire group. Employees receive regular monthly 'team briefs' and the company produces a quarterly newsletter. Semi-annually, detailed briefings are undertaken explaining progress against plan and details of the current year's targets.

DISABLED EMPLOYEES

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 commitments to the balance of employees.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

11/9/17

and signed on its behalf.


Mr. M. Bansal
Director

WELSPUN UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSPUN UK LIMITED

We have audited the financial statements of Welspun UK Limited for the year ended 31 March 2017, set out on pages 7 to 28. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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 AUDITOR

As explained more fully in the Directors' responsibilities statement 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 Financial Reporting Council's Ethical Standards for Auditors.

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 Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2017 and of its profit or loss 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.

WELSPUN UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WELSPUN UK LIMITED
(CONTINUED)

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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.



M Jayson (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

11 SEP 2017

WELSPUN UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Turnover	4	25,892	24,401
Cost of sales		(15,604)	(14,480)
GROSS PROFIT		10,288	9,921
Administrative expenses		(12,759)	(11,022)
Other operating income	5	2,960	2,679
OPERATING PROFIT	6	489	1,578
Interest receivable and similar income	10	47	57
Interest payable and expenses	11	(123)	(117)
PROFIT BEFORE TAX		413	1,518
Tax on profit	12	(2)	(296)
PROFIT FOR THE FINANCIAL YEAR		411	1,222

There were no recognised gains and losses for 2017 other than those included in the profit and loss account.

The notes on pages 11 to 28 form part of these financial statements.

WELSPUN UK LIMITED
REGISTERED NUMBER: 03902741

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Intangible assets	13	65	70
Tangible assets	14	498	482
Investments	15	10,957	10,957
		<u>11,520</u>	<u>11,509</u>
CURRENT ASSETS			
Stocks	16	6,173	4,187
Debtors: amounts falling due within one year	17	17,889	16,234
Cash at bank and in hand		2,317	1,385
		<u>26,379</u>	<u>21,806</u>
Creditors: amounts falling due within one year	18	(32,243)	(28,070)
NET CURRENT LIABILITIES		(5,864)	(6,264)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,656</u>	<u>5,245</u>
NET ASSETS		<u>5,656</u>	<u>5,245</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,594	1,594
Profit and loss account	21	4,062	3,651
		<u>5,656</u>	<u>5,245</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


Mr M Bansal
 Director


L Taylor
 Director

11/9/17

The notes on pages 11 to 28 form part of these financial statements.

WELSPUN UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2016	1,594	3,651	5,245
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	411	411
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	411	411
At 31 March 2017	1,594	4,062	5,656

WELSPUN UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2015	1,594	2,429	4,023
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,222	1,222
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,222	1,222
At 31 March 2016	1,594	3,651	5,245

The notes on pages 11 to 28 form part of these financial statements.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The company is a company limited by shares and incorporated in England. The company's registered office is Park Square, Bird Hall Lane, Stockport, Cheshire SK3 0XF.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Welspun Home Textiles Limited as at 31 March 2017 and these financial statements may be obtained from companies house.

2.3 Going concern

The company has traded profitably and, with parent support, has sufficient resources to pay its debts as it falls due for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

WELSPUN UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- up to 10 years
Computer equipment	- up to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Employee termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.15 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements are applied in calculating stock provisions, which are based on the age of the stock and management assessment of realisable values.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. TURNOVER

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	22,093	21,587
Rest of Europe	1,180	1,385
Rest of the world	2,619	1,429
	<u>25,892</u>	<u>24,401</u>

5. OTHER OPERATING INCOME

	2017 £000	2016 £000
Other operating income	2,960	2,679
	<u>2,960</u>	<u>2,679</u>

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets	209	283
Amortisation of intangible assets, including goodwill	5	5
Exchange differences	(35)	223
Defined contribution pension cost	68	90
Cost of stocks recognised as an expense	15,604	14,480
Including:		
- write-down stocks to net realisable value	211	392
Operating lease charges		
Property	727	722
Other	107	129

7. AUDITOR'S REMUNERATION

	2017	2016
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	16	16
	<u>16</u>	<u>16</u>
Fees payable in respect of:		
Other services relating to taxation	4	4
	<u>4</u>	<u>4</u>

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	4,623	3,642
Social security costs	365	273
Cost of defined contribution scheme	68	90
	<u>5,056</u>	<u>4,005</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Sales, distribution and marketing	216	204
Administration	41	37
	<u>257</u>	<u>241</u>

9. DIRECTORS' REMUNERATION

	2017 £000	2016 £000
Directors' emoluments	237	425
Company contributions to defined contribution pension schemes	2	29
Compensation for loss of office	-	78
	<u>239</u>	<u>532</u>

During the year retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £163 thousand (2016 - £157 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2 thousand (2016 - £14 thousand).

In addition to the above directors remuneration, which excludes National Insurance, the remuneration of other key management personnel amounted to £99 thousand (2016 - £114 thousand) excluding NIC.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

10. INTEREST RECEIVABLE

	2017 £000	2016 £000
Interest receivable from group companies	35	38
Other interest receivable	12	19
	<u>47</u>	<u>57</u>

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Bank interest payable	123	117
	<u>123</u>	<u>117</u>

12. TAXATION

	2017 £000	2016 £000
CORPORATION TAX		
Current tax on profits for the year	-	210
Adjustments in respect of previous periods	(64)	-
TOTAL CURRENT TAX	<u>(64)</u>	<u>210</u>
DEFERRED TAX		
Origination and reversal of timing differences	66	86
TOTAL DEFERRED TAX	<u>66</u>	<u>86</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>2</u>	<u>296</u>

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	413	1,518
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	83	304
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	1	1
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6	6
Capital allowances for year in excess of depreciation	(61)	(45)
Utilisation of tax losses	(2)	-
Deferred tax	66	45
Adjustments to tax charge in respect of prior periods	(64)	-
Changes in tax rates	-	41
Short term timing difference leading to an increase (decrease) in taxation	(2)	-
Group relief	(25)	(56)
TOTAL TAX CHARGE FOR THE YEAR	2	296

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors which may affect future tax charges.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

13. INTANGIBLE ASSETS

	Goodwill £000
COST	
At 1 April 2016	100
At 31 March 2017	<u>100</u>
AMORTISATION	
At 1 April 2016	30
Charge for the year	5
At 31 March 2017	<u>35</u>
NET BOOK VALUE	
At 31 March 2017	<u>65</u>
At 31 March 2016	<u>70</u>

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. TANGIBLE FIXED ASSETS

	Fixtures & fittings and computer equipment £000
COST OR VALUATION	
At 1 April 2016	4,158
Additions	225
At 31 March 2017	<u>4,383</u>
DEPRECIATION	
At 1 April 2016	3,676
Charge for the period on owned assets	209
At 31 March 2017	<u>3,885</u>
NET BOOK VALUE	
At 31 March 2017	<u>498</u>
<i>At 31 March 2016</i>	<u><u>482</u></u>

15. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
COST OR VALUATION	
At 1 April 2016	10,957
At 31 March 2017	<u>10,957</u>
NET BOOK VALUE	
At 31 March 2017	<u>10,957</u>
<i>At 31 March 2016</i>	<u><u>10,957</u></u>

WELSPUN UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Christy 2004 Limited	Ordinary	100 %	Service company - incorporated in UK
Christy Lifestyle LLC	Ordinary	100 %	Sales and distribution for USA - incorporated in USA
Christy Europe Gmbh	N/A	100 %	Sales and distribution for USA - incorporated in Germany

The subsidiaries have the same registered office as the company except for:

Christy Welspun GmbH
Obere Breite 14
72336 Balingen
Deutschland

Christy Lifestyle, LLC
3901 Gantz Road
Grove City
Ohio
43123

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Christy 2004 Limited	8,593	-
Christy Lifestyle LLC	(164)	(524)
Christy Europe Gmbh	73	12
	<u>8,502</u>	<u>(512)</u>

16. STOCKS

	2017 £000	2016 £000
Finished goods and goods for resale	6,173	4,187
	<u>6,173</u>	<u>4,187</u>

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17. DEBTORS

	2017 £000	2016 £000
Trade debtors	4,495	4,145
Amounts owed by group undertakings	13,162	11,805
Prepayments and accrued income	36	42
Tax recoverable	20	-
Deferred taxation	176	242
	<u>17,889</u>	<u>16,234</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Bank overdrafts	2,955	2,559
Trade creditors	4,052	2,226
Amounts owed to group undertakings	24,384	22,578
Corporation tax	-	105
Other taxation and social security	401	388
Other creditors	451	214
	<u>32,243</u>	<u>28,070</u>

All amounts owed to group undertakings are unsecured and repayable on demand.

A bank deposit account amounting £550,000 is secured via a Trust Deed in favour of certain landlords of their retail outlets.

Bank overdrafts with Bank of India are secured by a debenture over all property and assets of the Company.

WELSPUN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

19. DEFERRED TAXATION

	2017 £000
At beginning of year	242
Charged to the profit or loss	(66)
At end of year	176

The deferred tax asset is made up as follows:

	2017 £000
Accelerated capital allowances	169
Short term timing differences	7
	176

20. SHARE CAPITAL

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
1,593,759 Ordinary shares of £1 each	1,594	1,594

21. RESERVES

Profit & loss account

The profit and loss account is the cumulative retained earnings of the company comprising of both distributable and non-distributable reserves.

22. PENSION COMMITMENTS

The company provides a deferred contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme was £68,000 (2016 - £90,000).

WELSPUN UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Property		
Not later than 1 year	720	711
Later than 1 year and not later than 5 years	1,809	1,614
Later than 5 years	406	401
Total	<u>2,935</u>	<u>2,726</u>
	2017 £000	2016 £000
Other		
Not later than 1 year	51	81
Later than 1 year and not later than 5 years	34	100
Total	<u>85</u>	<u>181</u>

24. RELATED PARTY TRANSACTIONS

See note 9 for disclosure of the directors' remuneration and key management personnel compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking, by virtue of its 100% shareholding in Wespun UK Limited is CHT Holdings Limited, a company registered in the United Kingdom.

At 31st March 2017, the ultimate parent undertaking and controlling party is Wespun India Limited, a company incorporated in India and quoted on Mumbai (India) Stock Exchange. The Mumbai (India) Stock Exchange address is Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001, India.

Wespun India Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Wespun India Limited are publicly available.

CHT Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.