

Proposed Transfer Of Christy Manufacturing To Welspun, India

Mumbai, February 27, 2006: in the face of growing competition, management at Christy, the UK's leading towel brand's have entered into consultation with its employees about the potential transfer of its manufacturing plant to Welspun in India. These plans include ceasing UK manufacturing by the end of April 2007, potentially affecting around 95 jobs.

The 1 billion USD Welspun Group acquired an 85% interest in Christy for a business valuation of GBP 15.6 m, in July 2006, in a strategic move towards their goal of becoming one of the largest home textile companies by 2008, with a strong brand portfolio. Christy is the UK's leading supplier of branded and private label towels and bed linen and the sole supplier of the world famous Wimbledon Tennis Championship towel.

The three primary objectives of this acquisition being:

- ? Enhancing Welspun's UK market positioning and assuring Christy's continued success in the face of a fierce growth in competition
- ? Owning and operating world-class brands
- ? Developing availability of the unique Christy quality finish.

It has become increasingly apparent that the long-term viability of Christy's factory is unsustainable and therefore in a move to secure these objectives, the company is proposing to close its dyehouse and making-up departments at Hyde and transfer the machinery to a specially designed site at Welspun's Anjar facility in India over a period of approximately six months. This move will benefit both companies as it will ensure Christy retains its superior product quality and brand integrity, for which it is famous, and also promote synergies between the two companies.

The effect of the above action will start showing positive results for the Group by the coming calendar year, i.e. January 2008. Thus the Christy merger with Welspun will prove to be EPS enhancing in all respects.

Speaking on the Christy relocation, Mr. Rajesh Mandawewala, Joint Managing Director of Welspun said, “Christy’s major customers have been very supportive of the partnership, which has allowed them to keep their own manufacturing techniques with the trademarked superior product quality, whilst benefiting from Welspun’s resources to maintain its position as a major force in global home textiles”.

About Welspun

The \$1bn. Welspun Group ([HYPERLINK](http://www.welspun.com/)

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["www.welspun.com"www.welspun.com](http://www.welspun.com/))_is one of the largest Home Textile

Companies in the world. Welspun India Limited which is a part of the Welspun Group started its activities in 1985 and since then has become the largest exporter of Home Textiles in Asia and the 4th largest in the world. Welspun’s plants are located in Vapi and at Anjar - Gujarat and have a capacity of 31000 MTPA. The Retail face of the company under the brand name ‘Spaces’ was initiated in September 2003, offering holistic home textile solutions. The initiative has since been hived off into a separate entity, Welspun Retail Limited (WRL).

Contact

<p>Mohan K.M Tel.+91 22 6613 5895 Fax +91 22 24908020/21 E-mail : HYPERLINK "HYPERLINK "mailto:mohan_manikkan@welspun.c om"mailto:mohan_manikkan@welspun.com mohan_manikkan@welspun.com</p>	<p>Nayana Borthakur Tel.+91 22 6613 5724 Fax +91 22 24908020/21 E-mail : HYPERLINK "HYPERLINK "mailto:nayana_borthakur@welspun.c om"mailto:nayana_borthakur@welspun.com nayana_borthakur@welspun.com</p>
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