

X ■ Company Looks At Establishing Large Presence In US, UK Markets

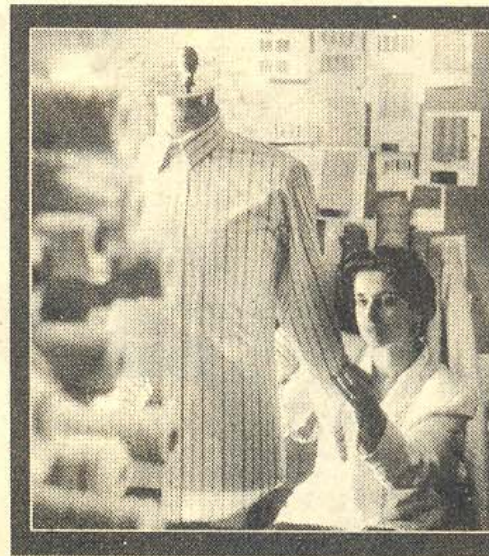
# GHCL eyes US home textile co, deal could top \$200 million

Vivek Sinha  
NEW DELHI

**A**FTER sealing the first major cross-border acquisition in the retail sector by acquiring UK-based Rosebys, GHCL is now scripting an even bigger deal. It is in negotiations to take over a large US-based home textile retailer in a deal, which could translate into \$200 million or more. The retailer, spread across the US, is owned by a private equity fund and has revenues upwards of \$1 billion.

"Our focus is on retailing now and we are looking at various companies as targets. One of them is for a large US-based home textile chain," said GHCL chairman Sanjay Dalmia.

If it goes through it would not only mark one of the big cross border deals but would also give GHCL a large front-end presence for home textiles in the Western markets. GHCL had last year bought US-



based textile company Dan River and had acquired UK's biggest home textile retailer Rosebys in a \$40-million deal early this year.

Typically home textile retailers work on margins of 5%. If the US chain has revenues of \$1 billion, its EBITDA could be in the region of \$50 million. Deals in the sector is be-

ing struck at 4-6 multiples of EBITDA which would peg the deal size in the region of \$200-300 million.

GHCL is also talking to few home textile chains in UK for the second round of expansion in the market. The company is in negotiations with two separate chains one with revenues of \$150 million and the other

### ON THE MOVE

- ▶ GHCL in talks to acquire \$1-b plus US home textile retailer
- ▶ Chain is currently held by a private equity fund
- ▶ Co also in talks to acquire two home textile retail chains in UK
- ▶ Plans to enter home textile retailing in India next year
- ▶ Eyes \$4 b global revenues from home textile in next 2 years

smaller in size. These two deals could add up another \$50-60 million in cumulative valuation. This is part of a new strategy for Europe. Earlier, the company was targeting few home textile retail chains outside UK and had reached advanced stage of negotiations with players in Italy, France and Germany but these did not go through for various reasons, including valuations.

As per the new strategy GHCL is planning to consolidate its presence in UK rather than being a small player in each country in Europe. Rosebys commands a market share of about 7% in UK and if the two deals go through GHCL would have a share of about 15% of the home textile business in UK.

The medium term plan also include entering home textile retail market in India. This could be either through Rosebys or through another retail brand and would happen next year.