

# GHCL to buy another soda ash co in Romania



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SANJAY Dalmia's GHCL is continuing with its acquisition spree. It is set to acquire Romania's only other soda-ash producer, US Govora, for nearly \$25 million. GHCL has already bought Romania's other soda ash company, SC Bega Upsom.

In the textiles sector, it has acquired US home textile company Dan River and UK's home textile retail chain Rosebys.

A GHCL spokesperson, however, refused to comment on the development. The company has bid for the Romanian company and may clinch the deal immediately after Diwali, say industry sources.

If the deal comes through, it will make GHCL Romania's biggest soda ash maker and help it penetrate the European markets.

Earlier this year, GHCL acquired Dan River, a leading Virginia-based home fashion and fabric maker, for about \$100 million and also picked up a majority stake in SC Bega Upsom SA, a leading soda ash maker in Romania, for \$20 million in an all-cash deal.

SC Bega Upsom SA was in the red when GHCL acquired it in December last. In less than two quarters after GHCL took it over, the company, which was posting losses of \$60,000 per month, has begun making profits, say industry sources.

The Romanian deals will give GHCL an entry not only into eastern Europe but also to the European Union, which Romania is expected to join.

Besides, it's a good location as far as availability of raw materials and low-cost labour is concerned. GHCL is increasing its soda ash capacity from 6,00,000 MTPA to 11,00,000 MTPA in its Indian plant at Gujarat.

"This gives the company an opportunity to expand to other EU markets. Romania's logistical advantage as well as closure of capacities in Austria and Bosnia will help. As it is, capacity addition through greenfield investment in EU is ruled out," said an analyst.