

# GHCL to buy another Romanian soda ash maker for Rs 100 cr

● Deal Will Boost Annual Capacity To 2 MT, Make Co A Big Player In East Europe

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AFTER acquiring a soda ash company in Romania last year, the Sanjay Dalmia-promoted Gujarat Heavy Chemicals (GHCL) is close to buying another Romanian company for an estimated Rs 100 crore. The move could help consolidate its position as a leading player in the soda ash sector and as one of the major suppliers of raw material for the growing detergent market.

According to sources close to the development, GHCL is in the final round of negotiations to buy the Romanian company which has an annual capacity to make 400,000 tonnes of soda ash. The buy will boost GHCL's total annual capacity to about 2 million tonnes and will make it one of the

largest soda ash companies in east Europe. "The acquisition can happen any time...GHCL will take a majority stake in the company," the sources said.

GHCL is interested in Romania as it is one of the best routes to enter the fast growing economies of east and central European countries. "Also such acquisitions are cheaper than buying a similar sized unit in India," the sources said, adding that high reserves of limestone and lignite in the region, would enable soda ash production.

In December 2005, the Ahmed-

abad-based GHCL had bought a 65% equity stake in Romania's Bega Upsom for Rs 90 crore. GHCL is scheduled to make a public offer to purchase the remaining 35%. It has already initiated a debottlenecking process in the

Bega Upsom facility that has a capacity of 300,000 tonnes.

If the latest acquisition goes through, GHCL's soda ash capacity in Romania would rise to 700,000 tonnes and overall to 1.8 million tonnes by 2008.

At present, the company is almost doubling its capacity in Gujarat from 600,000 tonne to 1,100,000 tonne

per annum. Soda ash is also used in the making of float glass and is widely used in soap, dyes and textiles.

GHCL has been lately on an acquisition spree that has seen it expanding its home textiles and soda ash businesses. In June this year, the Rs 515 crore-GHCL acquired Rosebys, UK's largest home textile retail chain, for \$40 million. It had earlier bought out Dan River, a leading player in the US textile markets, with a turnover of \$250 million in home textiles.

GHCL is now restructuring its business and has plans to sell off its non-core concerns that includes interests in the IT sector. It has appointed Edelweiss Capital to "evaluate the various models for restructuring of the core businesses of soda ash and home textiles keeping in view the future growth plans."

