

Date : 29th September 2006
Publication : Business Standard
Center : Mumbai
Page No : 06
Client Name : GHCL

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GHCL hopes to turn around Dan River

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New Delhi, 28 September

Home textile and soda ash manufacturer Gujarat Heavy Chemicals (GHCL), which acquired the third largest home textile brand in the US - Dan River - for \$17.5 million in January this year, expects the erstwhile sick unit to rake in a topline of over \$200 million in 2006.

The turnaround of Dan River's operations, which was in the red for years, was made possible by innovative marketing, outsourcing, HR and finance initiatives.

To its credit, GHCL had also refinanced a working capital loan and replaced the old bond holders with fresh lenders on better terms.

"We have put in a strong marketing initiative and

have roped in pop icons for licensing their brands through our home textile products for kids, young adults and teens markets," Nikhil Sen, head (strategy and international business), GHCL, said.

With this purpose, Dan River has zeroed in on American singer and actress Hillary Duff to piece together a special line under her name apart from signing licensing deals with Star Wars and Pink Panther for kids and teens (12-18 years) markets. Another film, Surf's Up, which is yet to be released, has also been handpicked by the company.

A pact has also been inked with entertainment major Sony Pictures for the exclusive license to use all its releases in 2007 in bed sheets and pillow covers.

For the adult segment, Dan River has tied up with

Major League Baseball, National Football League (NFL), Nascar and X-games on licensing agreements.

"Apart from this, we have now won contracts to supply to brands like Walmart, Bed, Bath and Beyond, Target, Kohls and Linen & Things. Dan River has also been appointed as category captain to K-Mart so we also handle sourcing, logistics and inventory of other brands," Nikhil Sen said.

Sen insisted that Dan River had won over many customers who had left the brand earlier.

Under the turnaround action plan, GHCL closed all the high cost manufacturing facilities and has increased its outsourcing from China, Pakistan and India. It shifted back end operations to India that would see savings of \$5 million every year.