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In a sweet spot



SHEKHAR GHOSH

DCM Shriram is investing ₹2,070 crore to enhance capacity at its Bharuch plant

DCM Shriram's chemical unit in Jagadia, Bharuch, (Gujarat) is in the process of increasing its capacity from 1,350 tonnes per day at present to 2,200 tonnes per day from March 2022. This expansion is being done at an estimated cost of ₹2,070 crore.

This Chlor-Alkali plant at Bharuch also happens to be celebrating its silver jubilee year of operations. "This is the largest single location caustic soda plant in the country," says Ajay S Shriram, Chairman and Managing Director of DCM Shriram.

This plant was established after the group purchased a plant from Georgia Pacific in Atlanta USA in 1995 at a cost of ₹200 crore. "We literally relocated the machines and infrastructure from there to Bharuch in 1996, after we got land from the Gujarat Industrial Development Corporation," said Ajay.

DCM Shriram restructuring began in the 1990s. "We got into the hotbed of running a business when the restructuring began. The key is having good people who contribute towards the shaping of the company," said Vikram S Shriram Vice chairman and managing director of DCM Shriram.

"We manufacture products that contribute to the competitiveness of India's industrial economy. This includes caustic soda, chlorine and hydrogen that are produced at our integrated plants in Bharuch and Kota with a combined capacity of 6.50 lakh tpa," Ajay added.

The plant in Jagadia, is spread over 100 acres of land and its proximity to the port (Dahej which is around 86 kms away) and industrial customers who were looking for supplies of hydrogen, chlorine and caustic soda

Ajay and Vikram: contributing to India's industrial economy



The Bharuch plant is in the process of increasing its capacity to 2,200 tonnes per day

from them.

The raw material for making caustic soda is water, salt and energy. The other products manufactured in this facility include hydrogen, hydrogen peroxide, epoxy (used for coating surfaces/water proofing).

Caustic soda is manufactured in liquid form and flakes. Caustic soda is used in aluminium plants, paper manufacturing, textiles. The chlorine that is manufactured in this facility is used for water treatment plants and the hydrogen and chlorine that are manufactured within the plant is also sold to the ancillary units around the plant.

Expansion plans

The expansion plans of the facility include putting up a 52,500 TPA hydrogen peroxide facility. Hydrogen Peroxide is a non-hazardous, clean bleaching agent used in textile, paper and aseptic packaging and doesn't leave any residue like chlorine, and so is preferred by customers.

A 51,000 TPA epichlorohydrin plant has been added, along with a glycerine purification facility. Supply of glycerine has improved due to increase in

fuel blending. The aluminium chloride capacity will also be increased by 32850 TPA.

The group is also in the process of identifying a place to set up an R&D facility in Baroda. This, they feel, will further enhance their production and quality of products.

"DCM Shriram is an integrated conglomerate with the portfolio comprising primarily of agri-rural business, Chlor-Vinyl business and value-added businesses such as UPVC windows and doors. Many businesses of the company are in a sweet spot due to favourable industry dynamics. Higher caustic soda prices are likely to improve overall margins, going ahead. Overall, the company is an integrated business entity, with extensive and growing presence across the entire agri value chain and Chloro-Vinyl industry along with captive power units," says Ashish Kapur, CEO InvestShopper.

DCM Shriram Ltd has a group turnover of ₹8,308 crore (PBIT was ₹1,011 crore) in the financial year 2021. Their business portfolio comprises agri-rural business (urea, sugar, ethanol, farm solution business), Chlor-Vinyl and

the alkali business. The turnover of the Chloro Vinyl business was ₹2,015 crore (PBIT was ₹518 crore).

In the first half of the financial year 2022 the company's turnover is ₹4,102 crore (PBIT is ₹495 crore). For the Chloro Vinyl business turnover was ₹1,412 crore and PBIT stood at ₹416 crore.

Crisil has assigned A1+ rating to the company and the company seems to be on an upswing as far as its manufacturing is concerned.

Meanwhile, DCM Shriram Sugar factories are located in Ajbapur, Rupapur, Hariawan and Loni in Uttar Pradesh, with a combined installed capacity of 38,000 TCD (tonnes crushed of sugarcane daily) and a power-generating capacity of 155 MW. It also operates two distilleries with 350 KLD capacity. The hybrid seed operations -'Bioseed', R&D facility is in Hyderabad and has an international presence in the Philippines too.

They also manufacture Fenesta doors and windows fabrication units which are located in Bhiwadi, Mumbai, Hyderabad and Chennai. ♦

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