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DCM Shriram Q3 net profit up 5.76%; to invest Rs 1,070 cr for expansion

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DCM Shriram Tuesday posted a 5.76 per cent jump in its consolidated net profit to Rs 225.65 crore for the third quarter of 2018-19, and also announced an investment of Rs 1,070 crore for expansion of Bharuch plant in Gujarat. The company had reported a net profit of Rs 213.35 crore in the same quarter last fiscal, according to the BSE filing.

Net sales grew 19.4 per cent to Rs 2,106.47 crore during the quarter ended December 2018, compared to Rs 1,767.58 crore in the year-ago period. Expenses rose to Rs 1,836.63 crore as against Rs 1,509 crore a year ago.

DCM Shriram also announced an investment of Rs 1,070 crore for expansion of its Chlor Alkali capacity by 700 tonnes per day (TPD) and captive power capacity by 120 mega watt (MW) at Bharuch to be commissioned by March 2021. Commenting on the company's results, Chairman and Senior Managing Director Ajay Shriram and Vice Chairman and Managing Director Vikram Shriram said the Q3 performance remained "satisfactory" despite continuing challenges in sugar business and rising input costs in other businesses.

The rationalisation of bulk fertiliser business is almost over, which has released capital for growth initiative. Sugar business continues to be challenging, they said. However, the commissioning of 30 MW power plant in February this year and of 200 KLD distillery in 2020 will further strengthen the business, they added.

According to DCM Shriram, about 168 TPD Chlor Alkali capacity has been added during the second quarter of this fiscal, taking the total to 1,515 TPD and is adding 332 TPD by April 2019. The company is also adding 30 MW co-generation power at sugar plant, 200 kilo litre per day (KLD) distillery, 66 MW power at Kota (to replace existing 50 MW old plant) and 40 TPD PVC at Kota, the filing said.

The company has declared a second interim dividend of Rs 4.20 per share of face value of Rs 2 each for the current fiscal to be paid on or before February 27 this year. Shares of the company rose 0.25 per cent to settle at Rs 304.85 apiece on the BSE Tuesday.

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