

Hinduja Foundries is back in dividend list

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'The board has proposed 20 percent dividend for the year 2007-08. It was in 1996-97 the company paid dividend to its equity shareholders,' managing director V. Mahadevan told reporters, announcing the results here Tuesday.

Hinduja Foundries closed the last fiscal with a turnover of Rs.4.51 billion (previous year: Rs.3.95 billion) and a net profit of Rs.169 million (Rs.161 million).

'Optimising the product mix and focusing on efficiency improvement, we were able to improve our operating margins. We envisage further improvements this fiscal with the enhanced capacity available at the new plant,' he added.

According to Mahadevan, the company's new 50,000-tonne per annum (tpa) plant at Sriperumbudur near Chennai commissioned in January contributed around Rs.180 million to the turnover.

'We hope to reach a capacity utilization of 50 percent this fiscal. The topline contribution from this plant will be around Rs.1.5 billion,' he added.

Queried about the client concentration, he said, 'Forty-eight percent of our sales come from group company Ashok Leyland Limited and the balance from other vehicle manufacturers.'

Hinduja Foundries is expanding its capacity at an outlay of Rs.3.5 billion, said V. Sankar, chief financial officer.

The company will set up a new foundry at Hyderabad (48,000 tpa) as well as a machining facility, low-pressure aluminium die casting and gravity casting at Sriperumbudur (5,000 tpa).

According to Mahadevan, the capacity of the Sriperumbudur facility will be expanded by 22,000 tpa for which the company has acquired additional 38 acres of land.

In three years, the total capacity of Hinduja Foundries will be over 200,000 tpa post expansion.

- Indo Asian News Service