



Himadri Chemicals & Industries Limited

(NSE: HCIL, BSE: 500184)

Unaudited Standalone Third Quarter and Nine Months Results for FY2014

February 6, 2014

Safe Harbour:

This release contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Himadri Chemicals & Industries' future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Himadri Chemicals & Industries undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

Kolkata, India, February 06, 2014 – Himadri Chemicals & Industries Limited (referred to as “Himadri Chemicals” or the “Company”; NSE: HCIL, BSE: 500184), a world leading fully integrated specialty carbon company and the largest coal tar pitch manufacturer in India, announces its Unaudited Standalone Third Quarter and Nine Months Results for FY2014, in accordance with Indian GAAP.

Performance Highlights: Q3 FY2014 vs. Q3 FY2013

- Net Sales of Rs. 3,347 million
- EBITDA of Rs. 537 million, increased significantly by 90.8%. Margins doubled to 16%
- PAT of Rs. 218 million compared to a loss of Rs. 160 million in Q3 FY2013. PAT margin was 6.5%
- Net Debt / Equity of 1.37x
- RoE improved from 2.3% for 9M2013 to 8.1% for 9M2014

Commenting on the results and performance, **Mr. Anurag Choudhary**, CEO of Himadri Chemicals said:

“Himadri Chemicals is pleased to announce a robust set of financial results during the quarter, despite a challenging macroeconomic environment. The Company has experienced a flat topline but a significant EBITDA growth of 91% and adjusted Net Profit of 20% compared to the same period last year. The better margins were driven by a decrease in the raw material cost during the quarter.

Overall, the environment in India continues to remain challenging during the first nine months of the fiscal year 2014. Construction, auto and capital goods sectors have underperformed during the quarter. In addition to this, postponement of economic reforms due to the upcoming elections and depreciation of the Indian Rupee has impacted the overall growth.

With the Indian economy expecting to recover in the near term, Himadri Chemicals is well positioned to leverage the upcoming opportunities. Management continues to focus on improving operational efficiencies and strengthening the order book. With the coal tar distillation capacity expansion expected to commence operations from Q4 FY2014, the Company expects to deliver better results in the coming quarters.”

Standalone Financial Overview

(Rs. Million)	Q3		y-o-y	Q2		q-o-q	Nine Months Ended		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)		FY2014	FY2013	Growth (%)
Net Sales	3,347	3,371	(0.7)%	3,466	(3.4)%		9,908	9,976	(0.7)%
EBITDA	537	281	90.8%	481	11.5%		1,347	1,047	28.6%
EBITDA Margin (%)	16.0%	8.3%		13.9%			13.6%	10.5%	
Operating Income (EBIT)	405	151	168.2%	345	17.4%		946	653	44.8%
EBIT Margin (%)	12.1%	4.5%		10.0%			9.6%	6.5%	
Profit After Tax (PAT)	218	(160)	nm	(287)	nm		(588)	(33)	nm
PAT Margin (%)	6.5%	nm		nm			nm	nm	
Basic EPS (Rs.)	0.56	(0.41)	nm	(0.74)	nm		(1.52)	(0.09)	nm
Adjusted PAT ¹	108	89	20.5%	237	(54.6)%		492	154	220.0%
Adjusted PAT Margin (%)	3.2%	2.6%		6.8%			5.0%	1.5%	

Note 1: Adjusted for foreign currency loss / (gain) and other income of Rs. (110.2) million in Q3 FY2014, Rs. 523.8 million in Q2 FY2014, Rs. 249.2 million in Q3 FY2013, Rs. 1,080.0 million in 9MFY2014 and Rs. 186.9 million in 9MFY2013

Economic Environment

The overall economic environment in India continues to remain challenging with GDP growth rate remaining below 5% for April-November 2013. Inflation rates and rupee depreciation continue to adversely impact the economic growth during the second half of the year. The index of industrial production (IIP) decreased by (2.1)% y-o-y in November 2013. However, WPI inflation eased considerably in December 2013 to 6.2% y-o-y as compared to 7.5% y-o-y in November 2013 and 7.3% in December 2012. This is primarily due to a decline in inflation in the manufactured goods sector.

During the quarter, automotive production grew by 8.2% y-o-y led by strong growth in the 2 wheeler and tractor industries. The tyre industry continues to remain challenging with muted growth for two consecutive years. Rising fuel prices, prevailing high interest rates and weak consumer sentiment continued to impact the growth of the automobile sector. The global steel industry continues to grow at a slower rate. World crude steel production was 1,607 mn MT in CY2013, up by 3.5% compared to the last year. India remains the world's 4th largest steel producer in 2013 with a growth of 5.1% in CY 2013. Domestic steel consuming sectors such as construction, auto and capital goods continue to underperform during the quarter.

Standalone Financial Highlights

Q3 FY2014 Performance

Q3 FY2014 Net Sales was Rs. 3,347 million, decreasing marginally by 0.7% as compared to Q3 FY2013. Continued global macro challenges and subdued demand has impacted CTP and CB sales volumes. Sales volume of naphthalene increased significantly by 87.7% y-o-y. Better price realisation in SNF and Naphthalene has benefitted Net Sales. Export realizations have been benefited to some extent due to depreciation of the Indian Rupee.

EBITDA for the quarter was Rs. 537 million, a significant increase of 90.8% compared to the same period last year. Q3 FY2014 EBITDA margins were 16.0% indicating an expansion of 769 bps compared to Q3 FY2013. Similarly, operating profit during the quarter was Rs. 405 million, an increase from Rs. 151 million in Q3 FY2013. During the quarter, the prices of basic raw material decreased resulting in a significant decrease in cost of goods sold.

Q3 FY2014 PAT for the quarter was Rs. 218 million, as compared to a loss of Rs. 160 million in Q3 FY2013. PAT margins were 6.5% for the quarter. Interest expense increased to Rs. 291 million in Q3 FY2014, compared to Rs. 253 million in Q3 FY2013 due to an increase of 15.8% in the Net Debt on y-o-y basis.

Q3 FY2014 Adjusted PAT for the quarter was Rs. 107 million, as compared to Rs. 89 million in Q3 FY2013. PAT was adjusted for a mark-to-market gain and other income of Rs. 110 million during the quarter.

Balance Sheet

As of December 31, 2013, the Company had a Total Debt of Rs. 13,464 million and Cash & Cash Equivalents of Rs. 2,353 million, resulting in Net Debt of Rs. 11,111 million. Net Worth of the Company was Rs. 8,104 million. Return on equity improved from 2.3% for 9M FY2013 to 8.1% for 9M FY2014.

Segment Analysis: Standalone

(Rs. Million)	Q3		y-o-y	Q2		q-o-q	Nine Months Ended		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)		FY2014	FY2013	Growth (%)
Sales									
Carbon Materials and Chemicals	3,330	3,351	(0.6)%	3,447	(3.4)%		9,847	9,893	(0.5)%
Power	57	46	23.1%	53	7.8%		171	159	7.5%
Total	3,387	3,398	(0.3)%	3,500	(3.2)%		10,018	10,053	(0.3)%
Less: Inter segment revenue	37	27	38.0%	34	7.6%		107	77	38.4%
Total	3,350	3,371	(0.6)%	3,466	(3.3)%		9,911	9,976	(0.6)%
Profit before Tax and Interest									
Carbon Materials and Chemicals	372	124	200.8%	309	20.2%		834	562	48.3%
Power	39	29	33.2%	38	3.7%		122	96	26.1%
Total	411	153	168.8%	347	18.4%		956	659	45.0%

Corporate Developments

Capacity Expansion at the Mahistikry plant: Capacity expansion of coal tar distillation from 250,000 MTPA to 400,000 MTPA at the Mahistikry plant in West Bengal is expected to commence operation from the last quarter of the current financial year.

Performance Outlook

The macroeconomic environment in India is expected to improve in CY2014. Despite continued macro headwinds, recent signs of improvement in the WPI index and a positive growth in agricultural output are both expected to drive industrial activity in the near term. In addition, the expected political stability post general elections in April-May 2014 could bring more certainty around investment commitments in India.

The auto industry in India is expected to recover gradually with new launches in the pipeline. Domestic tyre demand from the OEMs is likely to remain flat (0% to -3% de-growth) for the second consecutive year during FY2014. Replacement tyre volumes demand to grow by 5%-6% in FY2014 as compared to a 2% decline in FY2013. Furthermore, the recently imposed anti-dumping duty on carbon black is expected to benefit the domestic markets for carbon black in the first half of 2014. Due to the prolonged slowdown in the construction and infrastructure sectors, cement demand is expected to remain subdued in the coming period. Global steel consumption is anticipated to grow at 3.3% to reach 1,523 MT in CY2014, with India growing at 5.6% y-o-y for the same period.

Considering the gradual economic recovery in the near future, Himadri Chemicals is optimistic about delivering better results in the coming quarters. The Company is focused on implementing cost optimization measures, improving operational efficiencies and enhancing utilisation levels. Himadri Chemicals continues to win businesses from existing and new clients. The coal tar distillation capacity expansion shall enable the Company to cater to the growing demand for coal tar. The management team is confident of strategically leveraging near term opportunities arising from various industries.

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For further information on Himadri Chemicals see www.himadri.com




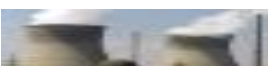

Accounting Notes:

1. Net Sales: Includes other operating income
2. EBITDA: Earnings before interest, taxes and depreciation; excludes other income and exchange fluctuation loss/gain and provision for doubtful debts
3. All margins have been calculated based on Net Sales
4. Basic EPS: Each share face value of Rs. 1.00; 386 million shares as of December 31, 2013; calculated based on Net Income

Himadri Chemicals: At a Glance

Compelling Competitive Position	<ul style="list-style-type: none"> Engaged in producing a wide range of carbon products such as Coal Tar Pitch, chemical oils, Carbon Black, Naphthalene, Advanced Carbon Material, corrosion protection, Sulfonated Naphthalene Formaldehyde (SNF) and clean and green Power One of the few integrated specialty carbon companies of the world Largest producer of Coal Tar Pitch in India with ~63% market share, catering to around two-thirds requirements of the Indian Graphite and Aluminium industries; only Indian company using advanced technology for coal tar distillation One of the few global manufacturers to produce Zero Quinolene Insoluble (QI) impregnating Coal Tar Pitch and advanced carbon material
Strategically-located Facilities with Significant Capacities	<ul style="list-style-type: none"> Seven manufacturing facilities spread across India in West Bengal, Gujarat, Andhra Pradesh and Chhatisgarh Coal Tar Distillation, Carbon Black and SNF capacities of 250,000, 120,000 and 68,000 TPA, respectively <ul style="list-style-type: none"> Expanding the Coal Tar Distillation capacity by 150,000 TPA and is expected to be operational by the end of FY2014
Strategic Sourcing Advantages	<ul style="list-style-type: none"> Long-term relationships with all major Indian raw material suppliers and is the largest purchaser of Coal Tar in India Strategically imports raw materials based on prevalent global, economical and demand-supply dynamics, thereby optimizing costs
Premier Global Customer Base	<ul style="list-style-type: none"> Serves aluminium and graphite, lithium-ion battery, tyre and rubber and infrastructure industries Strong clientele including BALCO, Hindalco, Nalco, PT Inalum, Vedanta, Graphite India, HEG and SGL Carbon SA and other aluminium and graphite players Has strong relationships and supply contracts with customers globally
Strong Financial Performance	<ul style="list-style-type: none"> Achieved a ~38% CAGR in Revenues over FY2009-13 period Long-term investors like Bain Capital and Citi Venture Capital

Product Portfolio

Coal Tar Pitch	A complex chemical with 22 chemical and physical properties obtained through coal tar distillation Coal Tar Pitch	
Carbon Black	One of the most important industrial chemicals in the world used in rubber, plastics, coating, inks and batteries	
Advanced Carbon	Used in the manufacture of lithium ion batteries	
Power	Value-added product derived from Naphthalene. Used in ready mix concrete	
SNF	Commissioned its captive power plant running on carbon black off-gas and connected to the grid	

Himadri Chemicals & Industries Limited

Fortuna Tower 23-A, Netaji Subhas Road, 8th Floor, Kolkata- 700 001

Standalone Unaudited Financial Results for the Third Quarter and Nine Months Ended December 31, 2013

(All amounts are in crores of Indian Rupees, unless otherwise stated)

Statement of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended December 31, 2013						
Particulars	Three months ended 31.12.2013	Preceding Three months ended 30.09.2013	Corresponding Three months ended 31.12.2012 in the previous year	Year to date figures for the current period ended 31.12.2013	Year to date figures for the previous period ended 31.12.2012	Year ended 31.03.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Income from Operations						
(a) Net Sales/ Income from Operations (Net of excise duty)	334.67	346.57	337.11	990.76	997.56	1,299.40
(b) Other Operating Income	0.37	-	-	0.37	-	-
Total Income from Operations (net)	335.04	346.57	337.11	991.13	997.56	1,299.40
2 Expenses						
(a) Cost of materials consumed	241.96	313.14	305.48	814.71	789.22	1,060.54
(b) Changes in inventories of finished goods and work-in-progress	3.08	(50.18)	(33.83)	(62.10)	1.80	(16.83)
(c) Employee benefits expense	6.18	6.30	4.96	17.83	14.95	20.96
(d) Depreciation	13.17	13.64	13.05	40.05	39.36	52.18
(e) Other expenses	29.76	36.66	32.35	93.13	86.90	105.97
Total expenses	294.15	319.56	322.01	903.62	932.23	1,222.82
3 Profit from operations before other income, finance costs and exceptional items (1-2)	40.89	27.01	15.10	87.51	65.33	76.58
4 Other Income:						
Miscellaneous Income	1.49	9.26	6.93	11.97	12.68	30.40
Foreign exchange gain/ (loss)	15.84	(42.71)	(22.71)	(91.03)	(22.54)	(10.86)
Total	17.33	(33.45)	(15.78)	(79.06)	(9.86)	19.54
5 Profit/(Loss) from ordinary activities before finance costs and exceptional items(3+4)	58.22	(6.44)	(0.68)	8.45	55.47	96.12
6 Finance costs	29.09	29.63	25.30	86.85	63.80	79.06
7 Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	29.13	(36.07)	(25.98)	(78.40)	(8.33)	17.06
8 Exceptional items (Refer Note 4)	-	-	-	7.05	-	-
9 Profit/(Loss) from ordinary activities before tax (7-8)	29.13	(36.07)	(25.98)	(71.35)	(8.33)	17.06
10 Tax expense	7.37	(7.36)	(9.98)	(12.55)	(5.01)	(6.49)
11 Net Profit/(Loss) from ordinary activities after tax (9-10)	21.76	(28.71)	(16.00)	(58.80)	(3.32)	23.55
12 Extraordinary items (net of tax expense Rs. Nil)	-	-	-	-	-	-
13 Net Profit/(Loss) for the period (11-12)	21.76	(28.71)	(16.00)	(58.80)	(3.32)	23.55
14 Paid-up equity share capital (Face Value Re 1 per share)	38.57	38.57	38.57	38.57	38.57	38.57
15 Reserves excluding Revaluation Reserves as per Balance Sheet as at 31.03.2013	-	-	-	-	-	862.94
16 Earnings per share (before and after extraordinary items) (of Re 1 per share) (not annualised) :						
a) Basic	0.56	(0.74)	(0.41)	(1.52)	(0.09)	0.61
b) Diluted	0.56	(0.74)	(0.41)	(1.52)	(0.09)	0.61

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Standalone Unaudited Financial Results for the Third Quarter and Nine Months Ended December 31, 2013
(All amounts are in crores of Indian Rupees, unless otherwise stated)

Select Information for the Quarter and Nine Months ended December 31, 2013						
Particulars	Three months ended 31.12.2013	Preceding Three months ended 30.09.2013	Corresponding Three months ended 31.12.2012 in the previous year	Year to date figures for the current period ended 31.12.2013	Year to date figures for the previous period ended 31.12.2012	Year ended 31.03.2013
A	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	213,592,660	213,592,660	213,592,660	213,592,660	213,592,660	213,592,660
	55.37	55.37	55.37	55.37	55.37	55.37
2	Promoters and Promoter Group Shareholding					
	(a) Pledged/Encumbered					
	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil	Nil
	(b) Non-encumbered					
	172,139,910	172,139,910	172,139,910	172,139,910	172,139,910	172,139,910
	100	100	100	100	100	100
	44.63	44.63	44.63	44.63	44.63	44.63

Particulars	Three months ended 31.12.2013
B	
INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	3
Received during the quarter	4
Disposed of during the quarter	5
Remaining unresolved at the end of the quarter	2

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Standalone Unaudited Financial Results for the Third Quarter and Nine Months Ended December 31, 2013
(All amounts are in crores of Indian Rupees, unless otherwise stated)

Segment wise Revenue, Results and Capital Employed along with quarterly results.

(Rs in Crores)

Particulars	Three months ended 31.12.2013	Preceding Three months ended 30.09.2013	Corresponding Three months ended 31.12.2012 in the previous year	Year to date figures for the current period ended 31.12.2013	Year to date figures for the previous period ended 31.12.2012	Year ended 31.03.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
a. Carbon materials and chemicals	333.01	344.69	335.14	984.68	989.34	1,289.63
b. Power	5.70	5.29	4.63	17.11	15.92	19.76
Total	338.71	349.98	339.77	1,001.79	1,005.26	1,309.39
Less: Inter segment revenue	3.67	3.41	2.66	10.66	7.70	9.99
Total income from operations (net)	335.04	346.57	337.11	991.13	997.56	1,299.40
2. Segment results						
a. Carbon materials and chemicals	37.18	30.93	12.36	83.39	56.24	65.35
b. Power	3.89	3.75	2.92	12.16	9.64	11.95
Total segment profit before interest and tax	41.07	34.68	15.28	95.55	65.88	77.30
Less : i) Interest expenses	29.09	29.63	25.30	86.85	63.80	79.06
ii) Unallocable expenditure (net of unallocable income)	(17.15)	41.12	15.96	80.05	10.41	(18.82)
Profit before tax	29.13	(36.07)	(25.98)	(71.35)	(8.33)	17.06
3. Capital employed (Segment assets- Segment liabilities)						
a. Carbon materials and chemicals	1,939.56	1,976.58	1,833.05	1,939.56	1,833.05	1,879.69
b. Power	57.93	59.34	61.13	57.93	61.13	60.88
c Unallocable	(1,187.13)	(1,253.18)	(1,015.19)	(1,187.13)	(1,015.19)	(1,039.06)
Total Capital employed	810.36	782.74	878.99	810.36	878.99	901.51

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Standalone Unaudited Financial Results for the Third Quarter and Nine Months Ended December 31, 2013 (All amounts are in crores of Indian Rupees, unless otherwise stated)

NOTES :-

- 1) The above results have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on February 6, 2014.
- 2) The limited review of the unaudited results have been carried out by the Joint Auditors of the Company.
- 3) Tax expense is net of MAT credit entitlement and deferred tax credit.
- 4) Exceptional item represents profit of Rs.7.05 Crores on account of sale of shares of a wholly owned subsidiary of the Company to its another wholly owned subsidiary, acquired during the quarter ended June 30, 2013.
- 5) The figures of the previous period/ year have been regrouped/ reclassified, wherever necessary to conform to the classification for the quarter and nine months ended December 31, 2013.

On behalf of the Board of Directors

Place: Kolkata
Date: 6 February 2014

Bankey Lal Choudhary
Managing Director