

October 30, 2015

**Hindalco Industries Limited (HIL): CARE revises rating for Non-Convertible Debenture issue from 'CARE AA +(Double A Plus) to 'CARE AA (Double A)'**

Credit Analysis & Research Limited ("CARE") has revised its rating on the Non-Convertible Debenture issue from 'CARE AA + (Double A Plus) to 'CARE AA (Double A)'

The revision in the rating assigned to the Non-Convertible Debentures (NCDs) takes into account continued moderation in the profitability parameters and debt protection parameters as compared to the envisaged levels. The ratings also factors in the increased cost of production due to premium paid for acquisition of captive coal mines in auctions held in February 2015. Also, the captive coal is expected to cater ~25% of HIL's requirement, keeping it exposed to market risk for the balance requirement. Besides continued trend of lower LME (London Metal Exchange) aluminium prices have exerted pressure on the profitability margins of HIL combined with increased debt levels due to substantial debt in Novelis and term debt availed for the greenfield projects in HIL are other key rating concerns.

The ratings, however, continue to derive strength from the leadership position of HIL in India's aluminium industry, the highly reputed promoter group (Aditya Birla Group), professionally qualified and experienced management and strong liquidity profile.

IDBI Trusteeship Services Limited

Sd/-

Authorised Signatory