Novelis MEA Ltd.

Directors' report and financial statements for the year ended 31 March 2021

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Novelis MEA Ltd.

Directors' report

The directors submit their report together with the audited financial statements of Novelis MEA Ltd. (the "Company") for the year ended 31 March 2021.

Incorporation and registered office

The Company was incorporated on 16 October 2012 as a limited liability company under the Companies Law - DIFC Law No. 2 of 2009, as amended, of the Dubai International Financial Centre ("DIFC"), bearing registration number 1278. The registered address of the Company is Unit OT 18-44, Level 18, Central Park Towers, Dubai International Financial Centre, P.O. Box 506780, Dubai, United Arab Emirates.

The Company is a wholly owned subsidiary of Novelis Inc. (the "immediate parent company"), a company registered under tax number 980 393 167 with head office at 191 Evans Avenue, Toronto, Ontario M8Z 1J5, Canada. The ultimate parent company is Hindalco Industries Limited.

Principal activity

The principal activity of the Company is a managing office supporting the import and export of aluminum for the immediate parent company.

Results

The results of the Company for the year ended 31 March 2021 are set out on page 6 of the financial statements.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors
27 April 2021

SJ CH/L

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Director

Independent auditor's report to the shareholder of Novelis MEA Ltd.

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Novelis MEA Ltd. (the "Company") as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the *Director's report* (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in- the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the shareholder of Novelis MEA Ltd. (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the Companies Law - DIFC Law No. 5 of 2018, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report to the shareholder of Novelis MEA Ltd. (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, we report that the Company's financial statements have been properly prepared in accordance with the applicable provisions of the Companies Law - DIFC Law No. 5 of 2018.

PricewaterhouseCoopers

PricewaterhouseCoopers Limited
27 April 2021
Dubai, United Arab Emirates

Novelis MEA Ltd.

Statement of financial position

	Note	As at 31 March 2021 USD	2020 USD
ASSETS			
Non-current assets			
Property and equipment	5	35,291	16,213
Intangible assets	6	125,656	167,541
		160,947	183,754
Current assets			
Trade receivables	7	151,304,973	108,140,206
Other financial assets at amortised cost	8	402,194	281,278
Other current assets	9	17,314	58,445
Derivative financial instruments	14	328,227	12,399
Cash and cash equivalents	4	68,010,580	40,607,788
		220,063,288	149,100,116
Total assets		220,224,235	149,283,870
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	50,000	50,000
Contributed capital	10	862,286	862,286
Retained earnings		35,826,799	56,760,567
Total equity		36,739,085	57,672,853
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	15	114,947	137,906
Current liabilities			
Trade and other payables	11	7,219,383	11,587,040
Contract liabilities	12	6,463,896	493,751
Derivative financial instruments	14	113,731	150,912
Due to related parties	14	169,573,193	79,241,408
		183,370,203	91,473,111
Total liabilities		183,485,150	91,611,017
Total equity and liabilities		220,224,235	149,283,870

These financial statements were approved by the Board of Directors on 27 April 2021 and signed on its behalf by:

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Director

Novelis MEA Ltd.

Statement of comprehensive income

	Note	Year ended 31 March 2021 USD	2020 USD
Revenue	16	495,366,738	468,564,495
Cost of sales	17	(462,026,923)	(427,683,036)
Gross profit		33,339,815	40,881,459
Administrative expenses	18	(4,562,273)	(5,009,144)
Derivatives financial instruments: gains/(losses) - net		300,759	(1,219,516)
Other income		517	279,208
Operating profit		29,078,818	34,932,007
Finance income		399	700
Finance costs	19	(12,985)	(16,099)
Finance cost – net		(12,586)	(15,399)
Profit for the year		29,066,232	34,916,608
Other comprehensive income		-	-
Total comprehensive income for the year		29,066,232	34,916,608

The notes on pages 9 to 26 form an integral part of these financial statements.

Novelis MEA Ltd.

Statement of changes in equity

	Share capital USD	Contributed capital USD	Retained earnings USD	Total USD
As at 1 April 2019	50,000	862,286	91,843,959	92,756,245
Comprehensive income				
Profit and total comprehensive income for the year	-	-	34,916,608	34,916,608
Dividends paid	-	-	(70,000,000)	(70,000,000)
As at 31 March 2020	50,000	862,286	56,760,567	57,672,853
Comprehensive income				
Profit and total comprehensive income for the year	-	-	29,066,232	29,066,232
Dividends paid	-	-	(50,000,000)	(50,000,000)
As at 31 March 2021	50,000	862,286	35,826,799	36,739,085

The notes on pages 9 to 26 form an integral part of these financial statements.

Novelis MEA Ltd.

Statement of cash flows

	Note	Year ended 31 March 2021 USD	2020 USD
Cash flows from operating activities			
Profit for the year		29,066,232	34,916,608
Adjustments for:			
Depreciation	5	6,232	3,102
Amortization	6	41,885	41,884
Provision for employees' end of service benefits	15	-	28,037
Fair value (losses)/gains on derivative financial instruments	14	(300,759)	1,219,516
Interest and other financing expenses - net	19	12,586	15,399
Operating cash flows before payment of employees' end of service benefits and changes in working capital		28,826,176	36,224,546
Payment of employees' end of service benefits	15	(22,959)	-
Operating cash flows before changes in working capital		28,803,217	36,224,546
Changes in working capital:			
Other financial assets at amortised cost	8	(120,916)	(92,316)
Other current assets	9	41,131	(58,445)
Trade and other payables	11	(4,367,657)	1,641,989
Contract liabilities	12	5,970,145	(474,877)
Trade receivables	7	(43,164,767)	25,318,097
Derivative financial instruments		(52,250)	(1,547,132)
Due to related parties	14	90,331,785	(56,438,531)
Net cash generated from operating activities		77,440,688	4,573,331
Cash flows from investing activity			
Purchases of property, plant and equipment	5	(25,310)	(17,490)
Purchases of intangible assets	6	-	(209,425)
Net cash used in investing activity		(25,310)	(226,915)
Cash flows from financing activity			
Dividends paid	10	(50,000,000)	(70,000,000)
Finance costs paid	19	(12,586)	(15,399)
Net cash used in financing activity		(50,012,586)	(70,015,399)
Net increase / (decrease) in cash and cash equivalents		27,402,792	(65,668,983)
Cash and cash equivalents at beginning of the year		40,607,788	106,276,771
Cash and cash equivalents at end of the year		68,010,580	40,607,788

The notes on pages 9 to 26 form an integral part of these financial statements.

1 Legal status and activities

Novelis MEA Ltd. (the "Company") was incorporated on 16 October 2012 as a limited liability company under the Companies Law - DIFC Law No. 2 of 2009, as amended, of the Dubai International Financial Centre ("DIFC"), bearing registration number 1278. The registered address of the Company is Unit OT 18-44, Level 18, Central Park Towers, Dubai International Financial Centre, P.O. Box 506780, Dubai, United Arab Emirates.

The principal activity of the Company is to import and export aluminum. The Company commenced its trading operations from 1 April 2013.

The Company is a wholly owned subsidiary of Novelis Inc. (the "immediate parent company"), a company registered under tax number 980 393 167 with head office at 191 Evans Avenue, Toronto, Ontario M8Z 1J5, Canada. The ultimate parent company is Hindalco Industries Limited, a company incorporated in Worli, Mumbai 400 030, India.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS interpretation committee ("IFRS IC") interpretations as applicable to entity reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

(a) Covid-19 pandemic

On 30 January 2020, the World Health Organisation ("WHO") declared an international health emergency due to the outbreak of coronavirus ("COVID-19") and has characterised the spread of the coronavirus as a pandemic. As a result, the Company has performed an assessment of the COVID-19 impact and concluded that there was no significant impact in its financial position and performance as at and for the year ended 31 March 2021.The effects of Covid-19 on humanity and businesses continues to evolve, hence there are significant risks and uncertainties associated with its future impact on businesses, though the Company continues to update its plans to seek to respond to them.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) New and amended standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

There are no other standards or IFRS IC interpretations that are not yet effective and that would be expected to have material impact on the Company.

2.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). Since the majority of the transactions are denominated in US Dollars ("USD"), the financial statements are presented in USD, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.3 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates calculated to reduce the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

	Years
Office equipment	3

The residual values and useful lives of items of property and equipment are reviewed at the reporting date and adjusted if appropriate, at the end of the reporting period.

2.4 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, testing and implementation of identifiable and unique software products, controlled by the Company, are recognised as intangible assets. Directly attributable costs, that are capitalised as part of the software products include the manpower cost incurred in the development of the software and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.6 Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2.7 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Summary of significant accounting policies (continued)

2.8 Impairment of financial assets (continued)

The expected loss rates are based on the corresponding historical credit losses experienced within the receivable lifetime. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Cash and cash equivalents and short term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. The provision for doubtful debts represents the Company's estimate of individually impaired trade receivables as well as expected credit losses on trade receivables that are not individually impaired. The expected credit losses are calculated using a provision matrix based on historical credit loss experience and assessments of current and future conditions. Management believes that the provision for doubtful debts to cover the risk of default based on historical payment behavior and assessments of future expectations of credit losses, including regular analysis of customer credit risk, is immaterial to the financial statements.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The impact of the expected credit loss assessment on cash and cash equivalents is immaterial.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.13 Financial Liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and due to related parties.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

2.14 Employees' end of service benefits

(a) Leave entitlement

A provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the statement of financial position date. This provision is included in accruals.

(b) End of service benefits

Defined benefit plan (Applicable before 1 February 2020)

The Company provides end of service benefit provision for all employees who have completed one year of service under DIFC employment law. The provision for defined benefit obligation for the end of service benefits in accordance with the DIFC employment law is calculated annually using the projected unit credit method in accordance with IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates on high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and have terms to maturity approximating to the terms of the related pension obligation.

On 28 August 2019, the DIFC issued the DIFC Employment Law No. 2 of 2019. In terms of the new requirements which were effective from 1 February 2020, the Company is required to make mandatory monthly contributions to the DIFC's default Qualifying Scheme or an alternative regulated scheme, as opposed to paying a lumpsum 'gratuity payment' to an employee at the end of their employment.

2 Summary of significant accounting policies (continued)

2.14 Employees' end of service benefits (continued)

(b) End of service benefits (continued)

Defined contribution plan (Applicable after 1 February 2020) (continued)

In line with the DIFC employment Qualifying Scheme effective 1 February 2020, the Company accrues/pays into the fund 5.38% of an employee monthly basic wage for the first five years of an employee's service, inclusive of any period of employment or secondment served prior to the Qualifying Scheme Commencement date; and 8.33% of an employee's monthly basic wage for each additional year of service.

It is understood that under the new requirements the Company will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. This requirement is only for benefits earned after 1 February 2020.

In terms of previous benefits accrued prior to 1 February 2020, the DIFC law provided the Company with numerous options, which include settlement of the balance, transferring the balance or retaining the status quo. The Company has decided to retain the status quo and settle the accrued benefit prior to 1 February 2020 at the end of the employee's working relationship with the Company.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that the Company will be required to settle the obligation and the amount can be reliably estimated. Provisions are recorded at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are not recognised for future operating losses.

2.16 Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer
- Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

2 Summary of significant accounting policies (continued)

2.16 Revenue recognition (continued)

(a) Sale of goods

Revenue from the sale of goods is recognised at a point in time when the customer obtains control of the product following delivering to their premises. Invoices are generated and recognised as revenue net of applicable sales tax, discounts and rebates which relate to the items sold.

2.17 Leases

The Company acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value or lease term of less than 12 months. Payments made under short-term leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.18 Interest income

Interest income is recognised using the effective interest method.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company under policies approved by management.

(a) Market risk

The Board of Directors has overall responsibility for the Company and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) Foreign exchange risk

The Company is not significantly exposed to currency risk as a majority of its transactions are primarily denominated in USD.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Company has no material exposure to price risk as it has immaterial sensitive financial instruments.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to the financial instrument fails to discharge its contractual obligation. Credit risk is mainly atttributable to trade and other receivables, balances due from related parties, derivative financial assets and cash at bank. The Company has no significant concentration of credit risk. The Company assesses the credit quality of customers by considering their financial position, past experience and other factors. The Company has established credit limits for customers and monitors their balances. In addition, the Company has no significant risk arising on balances with financial institutions since cash is place with reputable financial institutions. The Company considers the risk associated with related party balances to be low (Note 14).

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations due to shortage of funds. The Company maintains a sufficient level of cash and cash equivalents to meet the Company's working capital requirements by closely monitoring its cash flows. Due to the nature of its business, the Company has adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities.

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. At the reporting date, the Company held cash and bank balances of USD 68,010,580 (2020: USD 40,607,788).

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from related parties. This includes capital contributions from the shareholder or extended payment terms on amounts due to related parties.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities (including future interest payable, if any):

	Carrying amount USD	Contractual cash flows USD	Less than 1 year USD
31 March 2021			
Non-derivatives			
Trade and other payables	7,219,383	7,219,383	7,219,383
Due to related parties	169,573,193	169,573,193	169,573,193
	176,792,576	176,792,576	176,792,576
Derivatives			
Derivative financial instruments	214,496	214,496	214,496
31 March 2020			
Non-derivatives			
Trade and other payables	11,587,040	11,587,040	11,587,040
Due to related parties	79,241,408	79,241,408	79,241,408
	90,828,448	90,828,448	90,828,448
Derivatives			
Derivative financial instruments	(138,514)	(138,514)	(138,514)

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or sell assets to reduce debt.

The Company had no borrowings as at 31 March 2021 and 2020 and was, therefore, ungeared.

3.3 Fair value estimation

Fair value is determined by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial assets and financial liabilities approximates their carrying value.

4 Financial instruments by category

	2021 USD	2020 USD
Assets as per statement of financial position		
Trade receivables (Note 7)	151,304,973	108,140,206
Other financial assets at amortised cost (Note 8)	402,194	281,278
Cash and cash equivalents	68,010,580	40,607,788
	219,717,747	149,029,272
Financial asset measured at fair value through profit or loss		
Derivative financial asset (Note 14)	328,227	12,399
Liabilities as per statement of financial position		
Trade and other payables (excluding contract liabilities) (Note 11)	7,219,383	11,587,040
Due to related parties (Note 14)	169,573,193	79,241,408
	176,792,576	90,828,448
Financial liability measured at fair value through profit or loss		
Derivative financial liability (Note 14)	113,731	150,912

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings as follows:

	2021 USD	2020 USD
Cash at bank		
Externally rated financial assets (Moody's)		
A1	1,267,953	5,050,776
A2	-	35,138,692
A3	66,244,175	-
Aa3	498,452	418,320
	68,010,580	40,607,788
Without external rating		
Trade and other receivables (Note 7)	151,304,973	108,140,206
Due from related parties (Note 14)	4,127,684	17,893
	155,432,657	108,158,099

5 Property and equipment

	Office equipment USD
Cost	
At 1 April 2019	188,871
Additions during the year	17,490
At 31 March 2020	206,361
Additions during the year	25,310
At 31 March 2021	231,671
Accumulated depreciation	
At 1 April 2019	187,046
Charge for the year (Note 18)	3,102
At 31 March 2020	190,148
Charge for the year (Note 18)	6,232
At 31 March 2021	196,380
Net book amount	
At 31 March 2021	35,291
At 31 March 2020	16,213

6 Intangible assets

	Software USD
Cost	
At 1 April 2019	-
Additions during the year	209,425
At 31 March 2020 and 2021	209,425
Accumulated amortisation	
At 1 April 2019	-
Charge for the year (Note 18)	41,884
At 31 March 2020	41,884
Charge for the year (Note 18)	41,885
At 31 March 2021	83,769
Net book amount	
At 31 March 2021	125,656
At 31 March 2020	167,541

7 Trade receivables

	2021 USD	2020 USD
Trade receivable	151,304,973	108,140,206

As at 31 March 2021, trade receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above which approximates their fair value at the reporting date. The Company does not hold any collateral as security. Trade and other receivables are all denominated in USD.

As at 31 March 2021 and 2020, the ageing analysis of unimpaired trade receivables is as follows:

	2021 USD	2020 USD
Neither past due nor impaired	150,939,849	106,205,166
Within 1 to 6 months	365,124	1,935,040
	151,304,973	108,140,206

As at 31 March 2021, trade receivables of USD 365,124 (2020: USD 1,935,040) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 31 March 2021, the Company had a concentration of credit risk with ten (2020: eight) of the largest customers accounting for 74% (31 March 2020: 73%) of the gross trade receivables. Management is confident that this concentration of credit risk will not result in a loss to the Company as the customers have an established track record of meeting their financial obligations to the Company.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews considering the customer's financial position, past experience and other factors. Management assessment of the expected credit loss for trade receivables is immaterial for the year ended 31 March 2021 and 2020.

8 Other financial assets at amortised cost

	2021 USD	2020 USD
Other receivables	329,599	225,463
VAT Receivables	59,745	42,965
Deposits	12,850	12,850
	402,194	281,278

As at 31 March 2021, other financial assets at amortised cost do not contain impaired assets.

9 Other current assets

	2021 USD	2020 USD
Prepayments	17,314	58,445

10 Share capital

	2021 USD	2020 USD
Authorised, issued and fully paid-up capital		
50 shares (2018: 50 shares) of USD 1,000 each	50,000	50,000
Contributed capital	862,286	862,286
	912,286	912,286

In addition to the subscription of the ordinary share capital, the immediate parent company contributed additional capital of USD 862,286 to the operation of the Company during the period ended 31 March 2013. The amounts have been accounted for as contributed capital.

During the year the board of Directors approved dividends amount to USD 50,000,000 (2020: USD 70,000,000). The dividends were paid to the shareholder during the year.

11 Trade and other payables

	2021 USD	2020 USD
Trade payables	3,470,770	2,587,000
Tax and social security (Note 13)	-	4,527
Accruals	2,594,716	8,261,758
Other payables	1,153,897	733,755
	7,219,383	11,587,040

The carrying value of trade and other payables approximates their fair value.

12 Contract liabilities

	2021 USD	2020 USD
Contract liabilities	6,463,896	493,751

13 Tax and social security

	2021 USD	2020 USD
Withholding tax payable	-	2,225
Contributions for social security payable	-	2,302
	-	4,527

14 Related party transactions and balances

Related parties include the immediate parent company, ultimate parent companies, companies under common control and key management personnel. During the year, the Company entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

Transactions with related parties

	2021 USD	2020 USD
Product sales	12,103,597	12,582,248
Product purchases	450,682,695	415,686,686
Other income	-	276,065
Professional charges	2,618,789	2,709,597
Others	762,826	252,312

Related party balances

	2021 USD	2020 USD
Due to related parties		
Immediate parent company	203,559	233,434
Companies under the common control of the ultimate parent Company		
Novelis Korea	155,101,792	73,452,899
Novelis Deutschland GmbH	14,252,297	5,522,380
Novelis AG	3,727	20,793
Novelis Corporation	10,413	11,851
Novelis Brasil Ltda (Pindamonhangaba)	1,405	51
	169,573,193	79,241,408

Amounts due to related parties are are non-interest bearing, unsecured and repayable on demand.

14 Related party transactions and balances (continued)

Derivative financial instruments

The Company enters into financial instruments (swaps) with Novelis AG (a related party) to fix the purchase price of aluminum, in order to reduce the risk of adverse price movements. As the instruments do not meet the requirements set out in IFRS to be hedge accounted, they are recorded at fair value through profit or loss. Swaps falls under level 2 of the fair value hierarchy. The notional amount of the derivatives at 31 March 2021 was USD 1,802,500 (2020: USD 1,219,516). The Company's derivatives as at 31 March 2021 and 2020 were:

	2021	
	Assets	**Liabilities**
	USD	USD
Swaps	328,227	113,731

	2020	
	Assets	**Liabilities**
	USD	USD
Swaps	12,399	150,912

Compensation of key management personnel:

	2021	2020
	USD	USD
Salaries	114,939	94,987
Provision for employees' end of service benefits	-	34,709
Allowances and other benefits	146,497	5,926
	261,436	135,622

15 Provision for employees' end of service benefits

	2021	2020
	USD	USD
At 1 April	137,906	109,869
Charge for the year (Note 20)	-	28,037
Payments during the year	(22,959)	-
At 31 March	114,947	137,906

15 Provision for employees' end of service benefits (continued)

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 March 2021, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion cost 5% (2020: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate 0.77% (2020: 2.28%) per annum. The present values of the obligations at 31 March 2021 was not materially different from the provision computed in accordance with the UAE Labour Law.

16 Revenue

(a) Revenue from contracts with customers

	2021 USD	2020 USD
Timing of revenue recognition		
At a point in time	495,366,738	468,564,495

(b) Liabilities relating to contracts with customers

The Company has advances from customers related to contracts with customers as at 31 March 2021 and 31 March 2020 (Note 12).

17 Cost of sales

	2021 USD	2020 USD
Product purchases	462,026,923	427,683,036

18 Administrative expenses

	2021 USD	2020 USD
Professional charges	2,715,654	2,893,636
Staff costs (Note 20)	870,745	1,066,676
Travel and accommodation	20,415	522,659
Rent	95,602	119,781
Amortisation (Note 6)	41,885	41,884
Depreciation (Note 5)	6,232	3,102
Others	811,740	361,406
	4,562,273	5,009,144

19 Finance Income and Costs

	2021 USD	2020 USD
Finance costs	12,985	16,099
Finance -Income	(399)	(700)
Finance Cost - Net	12,586	15,399

20 Staff costs

	2021 USD	2020 USD
Salaries	536,830	676,331
Provision for employees' end of service benefits (Note 15)	-	28,037
Employees' end of service benefits - Charge for the year	29,959	-
Allowances and other benefits	303,956	362,308
	870,745	1,066,676

21 Contingencies and commitments

Operating lease commitments

The approximate minimum annual rental commitments of the Company under the existing lease agreements are as follows:

	2021 USD	2020 USD
Within one year	103,790	289,620
Between two and three years	251,865	-
	355,655	289,620