Novelis Inc.

Financial Statements and Related Notes As of March 31, 2021

(Unaudited)

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Novelis Inc.

CERTIFICATION

I, Stephanie Rauls, have reviewed the attached unaudited standalone financial statements for Novelis Inc. and certify that the information included therein accurately reflects the financial position of Novelis Inc. as of March 31, 2021 and the results of its operations for the year then ended.

By: Stephanie Rauls
Name: Stephanie Rauls
Title: Chief Accounting Officer & Controller
May 18, 2021

Novelis Inc.
STATEMENT OF OPERATIONS (unaudited)
(in millions)

	Year Ended March 31,	
	2021	2020
Net sales:		
— third parties	$ 124	$ 154
— related parties	368	433
Total net sales	$ 492	$ 587
Cost of goods sold, including related party (exclusive of depreciation and amortization)	472	552
Selling, general and administrative expenses	73	42
Depreciation and amortization	20	17
Research and development expenses	2	—
Interest expense and amortization of debt issuance costs		
— third parties	61	91
Interest income — related parties	(69)	(63)
Loss on early extinguishment of debt	8	6
(Loss) gain on change in fair value of derivative instruments, net	6	(3)
Dividend income — related parties	(192)	(507)
Restructuring and impairment, net	4	1
Other income, net	(82)	(19)
	$ 303	$ 117
Income before income taxes from continuing operations	189	470
Income tax provision	5	4
Net income from continuing operations	$ 184	$ 466
Loss from discontinued operations, net of tax	(7)	—
Loss on sale of discontinued operations, net of tax	(14)	—
Net loss from discontinued operations	(21)	—
Net income	$ 163	$ 466

See accompanying notes to financial statements.

Novelis Inc.
STATEMENT OF COMPREHENSIVE (LOSS) INCOME (unaudited)
(in millions)

	Year Ended March 31,	
	2021	**2020**
Net income	$ 163	$ 466
Other comprehensive income (loss):		
Change in translation adjustment	5	(2)
Change in pension and other benefits, net	5	(2)
Other comprehensive income (loss), net of tax	$ 10	$ (4)
Comprehensive income	$ 173	$ 462

See accompanying notes to financial statements.

Novelis Inc.
BALANCE SHEET (unaudited)
(in millions, except number of shares)

	March 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 3	$ 2
Accounts receivable, net		
— third parties	23	21
— related parties	107	111
Notes receivable — related parties	441	1,037
Inventories	39	37
Prepaid expenses and other current assets	13	8
Fair value of derivative instruments	9	13
Total current assets	$ 635	$ 1,229
Property, plant and equipment, net	74	78
Intangible assets, net	14	13
Investments in subsidiaries	1,364	1,365
Other long–term assets		
— third parties	36	43
— related parties	541	754
Total assets	$ 2,664	$ 3,482
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long–term debt	$ 23	$ 18
Short–term borrowings		
— related parties	196	107
Accounts payable		
— third parties	28	37
— related parties	82	69
Fair value of derivative instruments	10	12
Accrued expenses and other current liabilities		
— third parties	64	54
Current liabilities of discontinued operations	1	—
Total current liabilities	$ 404	$ 297
Long–term debt, net of current portion		
— third parties	1,091	2,201
Accrued postretirement benefits	29	27
Other long–term liabilities	52	42
Total liabilities	$ 1,576	$ 2,567
Commitments and contingencies		
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of March 31, 2021 and 2020	—	—
Additional paid–in capital	1,580	1,580
Accumulated deficit	(478)	(641)
Accumulated other comprehensive loss	(14)	(24)
Total shareholder's equity	$ 1,088	$ 915
Total liabilities and shareholder's equity	$ 2,664	$ 3,482

See accompanying notes to financial statements.

Novelis Inc.
STATEMENT OF CASH FLOWS (unaudited)
(in millions)

	Year Ended March 31,	
	2021	**2020**
OPERATING ACTIVITIES		
Net income	$ 163	$ 466
Net loss from discontinued operations	(21)	—
Net income from continuing operations	$ 184	$ 466
Adjustments to determine net cash provided by operation activities:		
Depreciation and amortization	20	17
Loss on unrealized derivatives and undesignated realized derivatives in investing activities, net	6	—
Loss on extinguishment of debt	8	6
Amortization of debt issuance costs and carrying value adjustment	14	13
Other, net	—	2
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts and notes receivable	599	(979)
Inventories	(2)	3
Accounts payable	2	20
Other current assets	(5)	(1)
Other current liabilities	8	(23)
Other noncurrent assets	217	56
Other noncurrent liabilities	16	(8)
Net cash provided by (used in) operating activities - continuing operations	$ 1,067	$ (428)
Net cash used in operating activities - discontinued operations	(5)	—
Net cash provided by (used in) operating activities	$ 1,062	$ (428)
INVESTING ACTIVITIES		
Capital expenditures	(16)	(18)
Outflows from investments in and advances to non-consolidated affiliates, net	2	(48)
Inflows (outflows) from settlement of other undesignated derivative instruments, net	(4)	(2)
Net cash used in investing activities - continuing operations	$ (18)	$ (68)
Net cash used in investing activities - discontinued operations	(15)	—
Net cash used in investing activities	$ (33)	$ (68)
FINANCING ACTIVITIES		
Proceeds from issuance of debt	480	—
Principal payments - third parties	(1,093)	(18)
Short–term borrowings, net — related parties	89	6
Revolving credit facility and other, net	(500)	500
Debt issuance costs	(9)	(8)
Net cash (used in) provided by financing activities	$ (1,513)	$ 480
Net decrease in cash and cash equivalents	(484)	(16)
Effect of exchange rate changes on cash	—	(3)
Cash and cash equivalents — beginning of period	2	21
Cash and cash equivalents — end of period	$ (482)	$ 2
Supplemental Disclosures:		
Interest paid	$ 48	$ 79
Income taxes paid	4	4
Accrued capital expenditures as of March 31	2	—

See accompanying notes to financial statements.

Novelis Inc.
STATEMENT OF SHAREHOLDER'S EQUITY (unaudited)
(in millions, except number of shares)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income (AOCI)	Total Equity
	Shares	Amount				
Balance as of March 31, 2019	1,000	$ —	$ 1,580	$ (1,107)	$ (20)	$ 453
Net income	—	—	—	466	—	466
Currency translation adjustment	—	—	—	—	(2)	(2)
Change in pension and other benefits, net of tax provision	—	—	—	—	(2)	(2)
Balance as of March 31, 2020	1,000	$ —	$ 1,580	$ (641)	$ (24)	$ 915
Net income	—	—	—	163	—	163
Currency translation adjustment	—	—	—	—	5	5
Change in pension and other benefits, net of tax provision	—	—	—	—	5	5
Balance as of March 31, 2021	1,000	$ —	$ 1,580	$ (478)	$ (14)	$1,088

See accompanying notes to financial statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to “Novelis,” the “Company,” “we,” “our,” or “us” refer to Novelis Inc., unless the context specifically indicates otherwise. References herein to “AV Metals” refer to AV Metals Inc. References herein to “Hindalco” refer to Hindalco Industries Limited. All of the common shares of Novelis are owned directly by AV Metals Inc. and indirectly by Hindalco Industries Limited. The Company's functional and reporting currency is the United States Dollar (USD).

Organization and Description of Business

Novelis Inc. was formed in Canada on September 21, 2004. Novelis Inc. operates a cold rolling mill and finishing line in Kingston, Ontario and is a holding company that has investments in entities that operate aluminum production entities throughout the world. These entities produce aluminum sheet and light gauge products for use in the packaging market, which includes beverage and food can and foil products, as well as for use in the transportation, electronics, architectural and industrial product markets. These entities also own recycling operations to recycle post-consumer aluminum, such as used beverage cans (UBCs) and post-industrial aluminum, such as class scrap. As of March 31, 2021, these entities own manufacturing operations in nine countries on four continents: North America, South America, Asia and Europe, through 33 operating facilities, including recycling operations in 15 of these plants.

Third party sales included within Novelis Inc. come from a Canadian manufacturing facility that produces industrial products for marine, transportation, and other industrial applications with cold rolling, finishing, and annealing equipment uniquely designed to produce automotive sheet and specialty surfaces for third-party customers and for other Novelis owned entities.

Use of Estimates and Assumptions

The preparation of our financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to (1) impairment of goodwill; (2) impairment of long lived assets and other intangible assets; (3) impairment of equity investments; (4) actuarial assumptions related to pension and other postretirement benefit plans; (5) tax uncertainties and valuation allowances; (6) assessment of loss contingencies, including environmental and litigation liabilities; and (7) the fair value of derivative financial instruments. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Revision of Previously Issued Financial Statements

During the preparation of the consolidated financial statements for fiscal 2020, we identified a misstatement related to the sale of land within previously issued Form 10-Ks for the years ended March 31, 2019 and March 31, 2018. The previously disclosed amounts for property, plant and equipment, net and retained earnings were understated by $5 million for the aforementioned periods.

We assessed the materiality of the misstatement and concluded it was not material to the Company’s previously issued financial statements for the years ended March 31, 2019 and March 31, 2018 and that amendments of previously filed financial statements were therefore not required. However, we elected to revise the previously reported amounts in the consolidated statements of shareholder's (deficit) equity to correct the misstatement. The revision applies to the previously reported amounts for retained earnings in the consolidated statements of shareholder's (deficit) equity for the fiscal years ended March 31, 2019 and March 31, 2018.

Basis of Presentation

These financial statements have been prepared to satisfy the reporting requirements of the ultimate parent company, Hindalco Industries Limited, for the sole purpose of complying with the Companies Act, 2013 (“The 2013 Act”). In accordance with Sections 136 and 137 of The 2013 Act, it is required to present separate subsidiary financial statements, and Section 137 further requires entities with foreign subsidiaries to submit individual financial statements of such foreign subsidiaries along with its own standalone and consolidated financial statements. Thus, the results of the Company's separate financial statements are included in the consolidated financial statements of our direct parent, Novelis Inc. and our ultimate parent, Hindalco Industries Limited, and those consolidated financial statements are publicly available.

The books and records of Novelis Inc. are prepared and recorded under U.S. GAAP, which requires that we consolidate wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control, entities in which we have a controlling financial interest, and entities for which we are deemed to be the primary beneficiary. Accordingly, we have presented these financial statements on a standalone unconsolidated basis, which is a deviation from U.S. GAAP, as it is not feasibly possible to present these statements in another basis of accounting other than books and records of the subsidiary. Otherwise, these separate financial statements are prepared in accordance with U.S. GAAP. These statements have not been audited, as there is no local jurisdictional requirement to present audited standalone subsidiary financial statements.

Risks and Uncertainties

We are exposed to a number of risks in the normal course of our operations that could potentially affect our financial position, results of operations, and cash flows.

Risks & Uncertainty resulting from COVID-19

Beginning late in the fourth quarter of fiscal year ended March 31, 2020 and carrying into the current fiscal year, the COVID-19 pandemic, and its unprecedented negative economic implications, have affected production and sales across a range of industries around the world.

Our global operations, similar to those of many other large, multi-national corporations, were also impacted. Early in fiscal year 2021, we were required to partially shut down or temporarily close certain facilities in the United States ("U.S.") and abroad to comply with state orders and governmental decrees and adjust schedules at some of our facilities based on customer demand. The plant shut downs and adjusted schedules resulting from the COVID-19 pandemic resulted in disruptions to our supply chain, interruptions to our production, and delays of shipments to our customers, mainly during the first quarter of the current fiscal year.

While much of our customer demand and shipments recovered in the majority of our end markets during the second fiscal quarter and remained robust through the remainder of fiscal 2021, the overall extent of the impact of the COVID-19 pandemic on our operating results, cash flows, liquidity, and financial condition will depend on certain developments, including the duration and spread of the outbreak and its impact on our customers, employees, and vendors. We believe this will be primarily driven by the severity and duration of the pandemic, the pandemic's impact on the U.S. and global economies and the timing, scope, and effectiveness of federal, state, and local governmental responses, including the distribution and adoption of vaccines.

Our application of U.S. GAAP requires the pervasive use of estimates and assumptions in preparing the audited consolidated financial statements. The global COVID-19 pandemic has required greater use of estimates and assumptions. More specifically, those estimates and assumptions that are utilized in our forecasted cash flows that form the basis in developing the fair values utilized in impairment assessments as well as annual effective tax rate. This has included assumptions as to the duration and severity of the pandemic, timing and amount of demand shifts amongst sales channels (primarily in the automotive industry), workforce availability, and supply chain continuity. We have experienced short-term disruptions and anticipate such disruptions may continue for the foreseeable future, but anticipate an eventual return to normal demand. Although we have made our best estimates based upon current information, the effects of the COVID-19 pandemic on our business may result in future changes to our estimates and assumptions based on its duration. Actual results could materially differ from the estimates and assumptions developed by management. If so, we may be subject to future impairment charges as well as changes to recorded reserves and valuations.

Laws and regulations

We operate in an industry that is subject to a broad range of environmental, health and safety laws and regulations. These laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, the remediation of environmental contamination, post-mining reclamation and working conditions for our employees.

The costs of complying with these laws and regulations, including participation in assessments and remediation of contaminated sites and installation of pollution control facilities, have been, and in the future could be, significant. In addition, these laws and regulations may also result in substantial environmental liabilities associated with divested assets, third party locations and past activities.

We have established liabilities for environmental remediation where appropriate. However, the cost of addressing environmental matters (including the timing of any charges related thereto) cannot be predicted with certainty, and these liabilities may not ultimately be adequate, especially in light of potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, our potential liability to remediate sites for which provisions have not been previously established and the adoption of more stringent environmental laws. Such future developments could result in increased environmental costs and liabilities and could require significant capital expenditures, any of which could have a material adverse effect on our financial position or results of operations or cash flows.

Furthermore, the failure to comply with our obligations under the environmental laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions or other orders, including orders to cease operations. In addition, the presence of environmental contamination at our properties could adversely affect our ability to sell a property, receive full value for a property or use a property as collateral for a loan.

Some of our current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances. Community objections could have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation.

We use a variety of hazardous materials and chemicals in our rolling processes and in connection with maintenance work on our manufacturing facilities. Because of the nature of these substances or related residues, we may be liable for certain costs, including, among others, costs for health-related claims or removal or re-treatment of such substances. Although we have developed environmental, health and safety programs for our employees, including measures to reduce employee exposure to hazardous substances, and conduct regular assessments at our facilities, we are currently, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to substances at our current or former facilities. It is not possible to predict the ultimate outcome of claims and lawsuits due to the unpredictable nature of litigation. If any claims or lawsuits, individually or in the aggregate, were finally resolved against us, our financial position, results of operations and cash flows could be adversely affected.

Materials and labor

In the aluminum rolled products industry, our raw materials are subject to continuous price volatility. We may not be able to pass on the entire cost of the increases to our customers or offset fully the effects of higher raw material costs through productivity improvements, which may cause our profitability to decline. In addition, there is a potential time lag between changes in prices under our purchase contracts and the point when we can implement a corresponding change under our sales contracts with our customers. As a result, we could be exposed to fluctuations in raw materials prices, including metal, since, during the time lag period, we may have to temporarily bear the additional cost of the change under our purchase contracts, which could have a material adverse effect on our financial position, results of operations and cash flows. Significant price increases may result in our customers' substituting other materials, such as plastic or glass, for aluminum or switching to another aluminum rolled products producer, which could have a material adverse effect on our financial position, results of operations and cash flows.

We consume substantial amounts of energy in our rolling operations and our cast house operations. The factors that affect our energy costs and supply reliability tend to be specific to each of our facilities. A number of factors could materially adversely affect our energy position including, but not limited to: (a) increases in the cost of natural gas; (b) increases in the cost of supplied electricity or fuel oil related to transportation; (c) interruptions in energy supply due to equipment failure or other causes and (d) the inability to extend energy supply contracts upon expiration on economical terms. A significant increase in energy costs or disruption of energy supplies or supply arrangements could have a material adverse effect on our financial position, results of operations and cash flows.

A substantial portion of our employees are represented by labor unions under a large number of collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on our financial position, results of operations and cash flows.

Other risk and uncertainties

In addition, refer to Note 17 — Fair Value Measurements for a discussion of financial instruments.

Net Sales

We recognize revenue in accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). See Note 3 — Revenue for additional information on our revenue recognition policies.

Cost of Goods Sold, including Related Parties (Exclusive of Depreciation and Amortization)

“Cost of goods sold, including related parties (exclusive of depreciation and amortization)” includes all costs associated with inventories, including the procurement of materials, the conversion of such materials into finished products, and the costs of warehousing and distributing finished goods to customers. Material procurement costs include inbound freight charges as well as purchasing, receiving, inspection and storage costs. Conversion costs include the costs of direct production inputs such as labor and energy, as well as allocated overheads from indirect production centers and plant administrative support areas. Warehousing and distribution costs include inside and outside storage costs, outbound freight charges and the costs of internal transfers.

“Cost of goods sold, including related parties (exclusive of depreciation and amortization)” also includes business acquisition and other related costs, which are certain expenses associated with the acquisition of Aleris Corporation (Aleris), which closed on April 14, 2020. The expenses consist of the costs incurred related to the transaction and to integrate Aleris subsequent to the acquisition.

Selling, General and Administrative Expenses

“Selling, general and administrative expenses” include selling, marketing, and advertising expenses; salaries, travel and office expenses of administrative employees and contractors; legal and professional fees and software license fees.

Research and Development

We incur costs in connection with research and development programs that are expected to contribute to future earnings, and charge such costs against income as incurred. Research and development costs consist primarily of salaries and administrative costs.

Restructuring Activities

Restructuring charges, which are recorded within “Restructuring and impairment, net" in our statement of operations, include employee severance and benefit costs, impairments of assets, and other costs associated with exit activities. We apply the provisions of ASC 420, Exit or Disposal Cost Obligations (ASC 420). Severance costs accounted for under ASC 420 are recognized when management with the proper level of authority has committed to a restructuring plan and communicated those actions to employees. Impairment losses are based upon the estimated fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. Other exit costs include environmental remediation costs and contract termination costs, primarily related to equipment and facility lease obligations. At each reporting date, we evaluate the accruals for restructuring costs to ensure the accruals are still appropriate.

In fiscal 2021, we incurred and paid $4 million of "Restructuring and impairment, net" in our statement of operations, primarily associated with severance payments resulting from the acquisition of Aleris. We incurred $1 million in "Restructuring and impairment, net" during fiscal 2019. Restructuring liabilities are less than $1 million and are recorded within "Accrued expenses and other current liabilities - third parties" and "Other long-term liabilities" on our balance sheet

Related Party Transactions

Included in the accompanying financial statements are transactions and balances arising from business we conduct with subsidiaries of Novelis Inc., which we classify as related party transactions and balances. See Note 8 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further discussion.

Cash and Cash Equivalents

“Cash and cash equivalents” includes investments that are highly liquid and have maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate their fair value due to the short-term nature of these instruments.

We maintain amounts on deposit with various financial institutions, which may, at times, exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions, and we have not experienced any losses on such deposits.

Accounts Receivable

Our accounts receivable are geographically dispersed. We do not obtain collateral relating to our accounts receivable. We do not believe there are any significant concentrations of revenues from any particular customer or group of customers that would subject us to any significant credit risks in the collection of our accounts receivable. We report accounts receivable at the estimated net realizable amount we expect to collect from our customers.

Additions to the allowance for credit losses are made by means of the provision for credit losses. We write-off uncollectible accounts receivable against the allowance for credit losses after exhausting collection efforts. For each of the periods presented, we performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for credit losses.See Note 4 — Accounts Receivable for more information.

Derivative Instruments

We hold derivatives for risk management purposes and not for trading. We use derivatives to mitigate uncertainty and volatility caused by underlying exposures to aluminum prices and foreign exchange rates. The fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date and are reported gross.

We may be exposed to losses in the future if the counterparties to our derivative contracts fail to perform. We are satisfied that the risk of such non-performance is remote due to our monitoring of credit exposures. Additionally, we enter into master netting agreements with contractual provisions that allow for netting of counterparty positions in case of default, and we do not face credit contingent provisions that would result in the posting of collateral.

In accordance with ASC 815, Derivatives and Hedging, for cash flow hedges we recognize and defer the entire periodic change in the fair value of the hedging instrument in other comprehensive income (loss). The amounts recorded in other comprehensive income (loss) are subsequently reclassified to earnings in the same line item impacted by the hedged item when the hedged item affects earnings.

For derivatives designated as cash flow hedges or net investment hedges, we assess hedge effectiveness by formally evaluating the high correlation of the expected future cash flows of the hedged item and the derivative hedging instrument. The entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is included in other comprehensive income (loss) and reclassified to earnings in the period in which earnings are impacted by the hedged items or in the period that the transaction becomes probable of not occurring. Gains or losses representing reclassifications of other comprehensive income (loss) to earnings are recognized in the same line item that is impacted by the underlying exposure. We exclude the time value component of foreign currency and aluminum price risk hedges when measuring and assessing effectiveness to align our accounting policy with risk management objectives when it is necessary. If at any time during the life of a cash flow hedge relationship we determine that the relationship is no longer effective, the derivative will no longer be designated as a cash flow hedge and future gains or losses on the derivative will be recognized in "Other income, net."

For derivatives designated as fair value hedges, we assess hedge effectiveness by formally evaluating the high correlation of changes in the fair value of the hedged item and the derivative hedging instrument. The changes in the fair values of the underlying hedged items are reported in "Prepaid expenses and other current assets," "Other long-term assets", "Accrued expenses and other current liabilities," and "Other long-term liabilities" in the balance sheets. Changes in the fair values of these derivatives and underlying hedged items generally offset, and the entire change in the fair value of derivatives is recorded in the statement of operations line item consistent with the underlying hedged item.

If no hedging relationship is designated, gains or losses are recognized in "Other income, net" in our current period earnings.

Consistent with the cash flows from the underlying risk exposure, we classify cash settlement amounts associated with designated derivatives as part of either operating or investing activities in the statements of cash flows. If no hedging relationship is designated, we classify cash settlement amounts as part of investing activities in the statement of cash flows.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices for foreign exchange rates. See Note 15 — Financial Instruments and Commodity Contracts and Note 17 — Fair Value Measurements for additional discussion related to derivative instruments.

Inventories

We carry our inventories at the lower of their cost or net realizable value, reduced for obsolete and excess inventory. We use the average cost method to determine cost. Included in inventories are stores inventories, which are carried at average cost. See Note 5 — Inventories for further discussion.

Property, Plant and Equipment

We record land, buildings, leasehold improvements and machinery and equipment at cost. We record assets under capital lease obligations at the lower of their fair value or the present value of the aggregate future minimum lease payments as of the beginning of the lease term. We generally depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. See Note 6 — Property, Plant and Equipment for further discussion.

The ranges of estimated useful lives are as follows:

	Years
Buildings	30 to 40
Leasehold improvements	7 to 20
Machinery and equipment	2 to 25
Furniture, fixtures and equipment	3 to 10
Equipment under capital lease obligations	5 to 15

Most of our large scale machinery, cold mills, furnaces and finishing mills have useful lives of 15 to 25 years. Supporting machinery and equipment, including automation and work rolls, have useful lives of 2 to 15 years.

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset, and when material, we capitalize interest on major construction and development projects while in progress.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balances are removed from the respective accounts, and the resulting net amount, after consideration of any proceeds, is included as a gain or loss in “Other income, net” or "Gain on assets held for sale" in our statements of operations.

We account for operating leases under the provisions of ASC 842, Leases. These pronouncements require us to recognize escalating rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Long-Lived Assets and Other Intangible Assets

We amortize the cost of intangible assets over their respective estimated useful lives to their estimated residual value. Note 7 — Intangible Assets for further discussion.

We assess the recoverability of long-lived assets and finite-lived intangible assets, whenever events or changes in circumstances indicate that we may not be able to recover the asset’s carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset (groups) to the expected, undiscounted future net cash flows to be generated by that asset (groups), or, for identifiable intangible assets, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets is based on the present value of estimated future cash flows. We measure the amount of impairment of other long-lived assets and intangible assets as the amount by which the carrying value of the asset exceeds the fair value of the asset, which is generally determined as the present value of estimated future cash flows or as the appraised value. Impairments of long-lived assets and intangible assets are included in “Restructuring and impairment, net” in the statement of operations.

Investments in Subsidiaries

For purposes of these standalone financial statements, we account for our investments in subsidiaries using the cost method.

Financing Costs

We amortize financing costs and premiums, and accrete discounts, over the remaining life of the related debt using the effective interest amortization method unless the impact of utilizing the straight-line method results in an immaterial difference. The expense is included in “Interest expense and amortization of debt issuance costs” in our statement of operations. We record discounts or premiums as a direct deduction from, or addition to, the face amount of the financing.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures (ASC 820), defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. ASC 820 also applies to measurements under other accounting pronouncements, such as ASC 825, Financial Instruments (ASC 825) that require or permit fair value measurements. ASC 825 requires disclosures of the fair value of financial instruments. Financial instruments we commonly encounter include: cash and cash equivalents; certificates of deposit; accounts receivable; accounts payable; foreign currency, energy and interest rate derivative instruments; cross-currency swaps; metal option and forward contracts; related party notes receivable and payable; letters of credit; short-term borrowings and long-term debt.

The carrying amounts of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and current related party notes receivable, notes payable and related party debt approximate their fair value because of the short-term maturity and highly liquid nature of these instruments. The fair value of our letters of credit is deemed to be the amount of

payment guaranteed on our behalf by third party financial institutions. We determine the fair value of our short-term borrowings and long-term debt based on various factors including maturity schedules, call features and current market rates. We also use quoted market prices, when available, or the present value of estimated future cash flows to determine fair value of short-term borrowings and long-term debt. When quoted market prices are not available for various types of financial instruments (such as currency, energy and interest rate derivative instruments, swaps, options and forward contracts), we use standard pricing models with market-based inputs, which take into account the present value of estimated future cash flows. See Note 17 — Fair Value Measurements for further discussion.

Pensions and Postretirement Benefits

Our pension obligations relate to funded defined benefit pension plans in Canada and unfunded defined benefit pension plans in Canada and the U.S. Our other postretirement obligations include unfunded health care and life insurance benefits provided to retired employees in Canada and the U.S.

We account for our pensions and other postretirement benefits in accordance with Accounting Standards Codification 715, Compensation - Retirement Benefits (ASC 715). We recognize the funded status of our benefit plans as a net asset or liability, with an offsetting adjustment to AOCI in shareholder's equity. The funded status is calculated as the difference between the fair value of plan assets and the benefit obligation. For the years ended March 31, 2021 and 2020, we used March 31 as the measurement date.

We use standard actuarial methods and assumptions to account for our pension and other postretirement benefit plans. Pension and postretirement benefit obligations are actuarially calculated using management's best estimates of the rate used to discount the future estimated liability, the long-term rate of return on plan assets, and several assumptions related to the employee workforce (compensation increases, health care cost trend rates, expected service period, retirement age, and mortality). Pension and postretirement benefit expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight-line amortization of net actuarial gains and losses and adjustments due to plan amendments, curtailments, and settlements. Net actuarial gains and losses are amortized over periods of 15 years or less, which represent the group's average future service life of the employees or the group's average life expectancy. See Note 13 — Postretirement Benefit Plans for further discussion.

Income Taxes

We account for income taxes using the asset and liability method. This approach recognizes the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates. Under ASC 740, Income Taxes (ASC 740), a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient taxable income through various sources.

We record tax benefits related to uncertain tax positions taken or expected to be taken on a tax return when such benefits meet a more than likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, the statute of limitation has expired or the appropriate taxing authority has completed their examination. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized. See Note 19 — Income Taxes for further discussion.

Share-Based Compensation

In accordance with ASC 718, Compensation - Stock Compensation (ASC 718), we recognize compensation expense for a share-based award over an employee's requisite service period based on the award's grant date fair value, subject to adjustment. Our share-based awards are settled in cash and are accounted for as liability based awards. As such, liabilities for awards under these plans are required to be measured at fair value at each reporting date until the date of settlement. See Note 12 — Share-Based Compensation for further discussion.

Foreign Currency Translation

The assets and liabilities of foreign operations, whose functional currency is other than the U.S. dollar are translated to U.S. dollars at the period end exchange rates and revenues and expenses are translated at average exchange rates for the period. Differences arising from this translation are included in the currency translation adjustment (CTA) component of AOCI and Noncontrolling Interest, both of which are on the balance sheet. If there is a planned or completed sale or liquidation of our ownership in a foreign operation, the relevant CTA is recognized in our statement of operations.

For all operations, the monetary items denominated in currencies other than the functional currency are remeasured at period-end exchange rates and transaction gains and losses are included in "Other income, net" in our standalone unconsolidated statements of operations. Non-monetary items are remeasured at historical rates.

Operating Guarantees

We have issued guarantees on behalf of certain of Novelis Inc.'s subsidiaries. The indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of the other subsidiaries hold any assets of any third parties as collateral to offset the potential settlement of these guarantees.

Recently Adopted Accounting Standards

Standard	Adoption	Description	Disclosure Impact
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting along with additional technical improvements and clarifications since issued.* (Issued March 2020)	April 1, 2020	The standard provides transitional guidance and optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships which reference LIBOR or another reference rate expected to be discontinued.	The Company has evaluated the impact of this standard, noting that there is no impact to our current contracts or hedging relationships. The Company will monitor the impact on future transactions through December 31, 2022.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (Issued December 2019)	April 1, 2020	The standard simplifies the accounting for income taxes by eliminating certain exceptions in ASC 740 related to the methodology for calculating income taxes in an interim period. It also clarifies and simplifies other aspects of the accounting for income taxes, improving the consistent application and simplification of U.S. GAAP.	The Company elected to early adopt the standard on a prospective basis. The most significant impact to the Company is the removal of a limit on the tax benefit recognized on pre-tax losses in interim periods. The adoption of this standard removed the limit on the tax benefit recognized on pre-tax losses during an interim period, which allowed the Company to recognize a higher tax benefit in the first quarter than previously allowable.
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*	April 1, 2020	The standard provides various codification updates and improvements to address comments received.	The adoption of this standard did not have a material impact on the standalone unconsolidated financial statements or disclosures.
ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* (Issued October 2018)	April 1, 2020	This standard eliminates the requirement that entities consider indirect interests held through related parties under common control in their entirety when assessing whether a decision-making fee is a variable interest. Instead, the reporting entity must consider such indirect interests on a proportionate basis.	The Company has evaluated the impact of this standard, noting that there is no impact to our current variable interests. We have updated our accounting policies to ensure appropriate treatment if these are entered into in the future. As such, the adoption of this standard did not have an impact on the standalone unconsolidated financial statements or disclosures.
ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (Issued August 2018)	April 1, 2020	This standard requires capitalization of implementation costs incurred in a hosting arrangement that is a service contract. This change will better align with requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected.	The Company has evaluated the impact of this standard, noting that we do not have these types of arrangements. We have updated our accounting policies to ensure appropriate treatment if these are entered into in the future. As such, the adoption of this standard did not have an impact on the standalone unconsolidated financial statements or disclosures.
ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* (Issued August 2018)	April 1, 2020	This standard added requirements for new disclosures such as requiring a narrative description of the reasons for significant gains and losses affecting the benefit obligation for the period and also an explanation of any other significant changes in the benefit obligation or plan assets that are not otherwise apparent in the other disclosures required by ASC 715. Further, the standard removes some currently required disclosures such as (a) the requirement (for public entities) to disclose the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost, and the benefit obligation for postretirement health care benefits and (b) the amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit costs over the next fiscal year.	The Company has evaluated the impact of this standard. We have updated our pension and postretirement disclosure accordingly, which did not have a material impact on the standalone unconsolidated financial statements.

ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (Issued January 2017)	April 1, 2020	This standard removes Step 2 from the goodwill impairment test. As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. Under the simplified model, a goodwill impairment is calculated as the difference between the carrying amount of the reporting unit and its fair value, but not to exceed the carrying amount of goodwill allocated to that reporting unit. This standard will need to be considered each time Novelis performs an assessment of goodwill for impairment under the quantitative test.	The Company has evaluated the impact of this standard. We have updated our goodwill impairment assessment process accordingly, which did not have a material impact on the standalone unconsolidated financial statements.
ASU 2016-13, Financial Instrument-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments along with additional technical improvements and clarifications since issued. (Issued June 2016)	April 1, 2020	The standard provides financial statement users with more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The "current expected credit loss" (CECL) model requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts.	We have updated our policies and processes for reserves against our financial instruments to factor in expected credit losses. This adoption did not have a material impact on the standalone unconsolidated financial statements.
ASU 2018-18, Collaborative Arrangements (Topic 808): Clarifying the interaction between Topic 808 and Topic 606 (Issued November 2018)	October 1, 2020	The standard clarifies the interaction between Topic 808, collaborative agreements, and Topic 806, Revenue from Contracts with Customers. Targeted improvements served to clarify when transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606.	The Company has evaluated the impact of this standard, noting that the adoption has no impact on our standalone unconsolidated financial statements. We will apply this guidance to any collaborative arrangements entered into in the future.
ASU 2019-07, *Codification Updates to SEC Sections* (Issued July 2019)	July 1, 2019	The standard provides various codification updates and improvements to address comments received.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes* (Issued October 2018)	April 1, 2019	The standard permits the use of the OIS based on the SOFR as a U.S. benchmark interest rate for purposes of hedge accounting under Topic 815 as requested by the Federal Reserve Board during deliberations leading to the issuance of ASU 2017-12. The FASB recognized that although the OIS rate based on SOFR is not yet widely recognized and quoted within the U.S. financial market, the attributes of the repo rates underlying the calculation of SOFR are recognized.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2018-09, *Codification Improvements* (Issued July 2018)	April 1, 2019	The standard provides various codification updates and improvements to address comments received.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2016-02, *Leases (Topic 842)* along with additional technical improvements, practical expedients, and clarifications since issued. (Issued February 2016)	April 1, 2019	The standard requires organizations that lease assets to recognize assets and liabilities for the rights and obligations created by the leases on balance sheet. The standard requires qualitative and quantitative disclosures to help investors and financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases.	We recognized right-of-use assets and lease liabilities on our balance sheet with no impact to the opening balance of retained earnings. The adoption of this standard did not have a material effect on the statement of operations or the statement of cash flows.
ASU 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (Issued February 2018)	April 1, 2018	The standard provides an option to reclassify stranded tax effects within accumulated other comprehensive income (loss) to retained earnings due to the U.S. federal corporate income tax rate change in the U.S. Tax Cuts and Jobs Act of 2017 (the "Tax Act").	We adopted this standard with no impact for the current or prior periods.
ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Change to the Disclosure Requirements for Fair Value Measurement* (Issued August 2018)	April 1, 2018	The standard modifies the disclosure requirements on fair value measurements in Topic 820 including the consideration of costs and benefits. The amendments relate to changes in disclosures on unrealized gains and losses, the disclosure of the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty were applied prospectively, where applicable.	We adopted this standard with no impact for the current or prior periods.
ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all the related amendments, which supersedes the former standard, ASC 605, *Revenue Recognition* (Issued May 2014)	April 1, 2018	The standard requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services.	We adopted this standard using the modified retrospective transition approach. The adoption of this standard did not have a material impact on our standalone unconsolidated financial statements or disclosures.

ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Issued March 2017)	April 1, 2018	The standard requires entities to (1) disaggregate the current service cost component from the other components of net benefit cost (the other components) and present the other components within non-operating income and (2) present the other components elsewhere in the results of operations and outside of income from operations if that subtotal is presented. In addition, the new standard requires entities to disclose the results of operations line items that contain the other components if they are not presented on appropriately described separate lines.	We adopted this standard on a retrospective basis and utilized the practical expedient. As a result, less than $1 million of the net periodic benefit cost, exclusive of service cost, was reclassified to "Other expenses, net" for the comparative periods and is included in the "Other, net" category.
ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash.* (Issued November 2016)	April 1, 2018	The standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.	We adopted this standard on a retrospective basis, however, there was no impact for the current or comparable periods as the Company does not currently hold any cash meeting the requirement for such restrictions.
ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* (Issued October 2016)	April 1, 2018	The standard eliminates the exception for all intra-entity sales of assets other than inventory. It requires the tax effect of intra-entity sales of assets other than inventory to be recognized currently which will impact Novelis' effective tax rate. The changes require the current and deferred income tax consequences of the intra-entity transfer to be recorded when the transaction occurs.	Management determined the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2016-15, *Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments* (Issued August 2016)	April 1, 2018	The standard addresses eight specific cash flow items to provide clarification and reduce the diversity in presentation of these items.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting* (Issued May 2017)	April 1, 2018	The standard provides clarity and reduces both (1) diversity in practice and (2) cost and complexity when applying the standard in Topic 718, Compensation-Stock Compensation, to a change to the terms or conditions of a share-based payment award. An entity may change the terms or conditions of a share-based payment award for many different reasons, and the nature and effect of the change can vary significantly. This standard requires modification accounting only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions.	Management has determined that the adoption of this standard does not have a material impact on the standalone unconsolidated financial statements. This standard will need to be considered if Novelis Inc. initiates a modification that is determined to be a substantive change to an outstanding stock-based award.
ASU 2017-05, *Other Income-Gains and Losses from the Derecognition of Non-financial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Non-financial Assets* (Issued February 2017)	April 1, 2018	The standard includes (i) clarification that non-financial assets within the scope of ASC 610-20 may include non-financial assets transferred within a legal entity to a counterparty; (ii) clarification that an entity should allocate consideration to each distinct asset by applying the standard in ASC 606 on allocating the transaction price to performance obligations; and (iii) a requirement for entities to derecognize a distinct non-financial asset or distinct in substance non-financial asset in a partial sale transaction when it does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with ASC 610, and transfers control of the asset in accordance with ASC 606.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.
ASU 2017-01, *Clarifying the Definition of a Business (Topic 805)* (Issued January 2017)	April 1, 2018	The standard provides guidance on evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. It amends ASC 805 to provide a more robust framework to use in determining when a set of assets and activities is a business.	Management determined that the adoption of this standard does not have an impact on our standalone unconsolidated financial statements.

2. DISCONTINUED OPERATIONS

On April 14, 2020, Novelis closed the acquisition of Aleris Corporation for $2.8 billion. Aleris Corporation merged with Novelis Acquisitions LLC to become Aleris Corporation, under the parent entity Novelis Holdings Inc, which is a wholly owned subsidiary of Novelis Inc. As a result of the antitrust review processes in the EU, the U.S., and China required for approval of the acquisition, we were obligated to divest Aleris' European and North American automotive assets, including plants in Duffel, Belgium and Lewisport, Kentucky. Certain costs associated with the discontinued operations were incurred by Novelis Inc.

Amounts recorded on the financial statements resulting from the activities of discontinued operations have been appropriately classified as such within. The net loss from discontinued operations as well as cash flows from discontinued operations represent arbitration costs and other costs to sell incurred by Novelis Inc. Current liabilities of discontinued operations represent accrued arbitration fees.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's contracts with customers are comprised of purchase orders with standard terms and conditions. These contracts typically consist of the manufacture of products, which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. Transfer of control is assessed based on alternative use of the products we produce and our enforceable right to payment for performance to date under the contract terms. Transfer of control and revenue recognition generally occur upon shipment or delivery of the product, which is when title, ownership, and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation (truck, train, or vessel). The length of payment terms can vary per contract, but none extend beyond one year. Revenue is recognized net of any volume rebates or other incentives.

4. ACCOUNTS RECEIVABLE

"Accounts receivable, net" consists of the following (in millions).

	March 31,	
	2021	2020
Trade accounts receivable — third parties	$ 23	$ 20
Other accounts receivable — third parties	—	1
Accounts receivable — third parties	23	21
Allowance for credit losses — third parties	—	—
Accounts receivable, net — third parties	$ 23	$ 21
Trade accounts receivable — related parties	$ 101	$ 111
Dividends receivable — related parties	6	—
Accounts receivable, net — related parties	$ 107	$ 111

5. INVENTORIES

"Inventories" consists of the following (in millions).

	March 31,	
	2021	2020
Finished goods	$ 10	$ 8
Work in process[1]	23	25
Raw materials	2	—
Supplies	4	4
Inventories	$ 39	$ 37

(1) Includes semi-finished goods purchased for our subsidiaries.

6. PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment, net" consists of the following (in millions).

	Year Ended March 31,	
	2021	2020
Land and property rights	$ 2	$ 2
Buildings	51	51
Machinery and equipment	189	187
	242	240
Accumulated depreciation and amortization	(183)	(171)
	59	69
Construction in progress	15	9
Property, plant and equipment, net	$ 74	$ 78

For the years ended March 31, 2021 and 2020, we did not report any capitalized interest.

Depreciation expense related to property, plant, and equipment, net is shown in the table below (in millions).

	Year Ended March 31,	
	2021	2020
Depreciation expense related to property, plant and equipment, net	$ 15	$ 13

7. INTANGIBLE ASSETS

The components of “Intangible assets, net” are as follows (in millions).

	March 31, 2021				March 31, 2020		
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and software	3.0 years	$ 72	$ (58)	$ 14	$ 65	$ (52)	$ 13

Amortization expense related to intangible assets included in "Depreciation and amortization" is as follows (in millions).

	Year Ended March 31,	
	2021	2020
Total amortization expense	$ 5	$ 4

Estimated total amortization expense related to “Intangible assets, net” for each of the five succeeding fiscal years is as follows (in millions).

Fiscal Year Ending March 31,	
2022	$ 4
2023	3
2024	—
2025	—
2026	—

8. INVESTMENTS IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The following table summarizes our ownership percentage of our subsidiaries in which we have an investment as of March 31, 2021 and March 31, 2020 (in millions) using the cost method.

	March 31,		As of March 31, 2021	
	2021	2020		
Shareholdings			Common Stock or Preferred Shares	Participation
Novelis European Holdings Limited	$ 530	$ 530	Common stock	100%
Novelis Aluminium Beteiligungs-GmbH	—	—	Common stock	100%
Novelis Laminés France SAS	7	7	Common stock	100%
4260848 Canada Inc.	124	123	Common stock	100%
4260856 Canada Inc.	185	185	Common stock	100%
Novelis South America Holdings LLC	—	—	Common stock	100%
Novelis (India) Infotech Ltd.	—	2	Common stock	99.88%
Novelis do Brasil Ltda.	378	378	Common stock	99.99%
Novelis PAE SAS	5	5	Common stock	100%
Novelis Holdings Inc.	—	—	Common stock	100%
Novelis Vietnam Company Limited	1	1	Common stock	100%
8018227 Canada Inc.	—	—	Common stock	100%
Novelis (Shanghai) Aluminum Trading Company	4	4	Common stock	100%
Novelis (China) Aluminum Products Co., Ltd.	129	129	Common stock	100%
Novelis MEA Ltd	1	1	Common stock	100%
	$ 1,364	$ 1,365		

Included in the accompanying financial statements are transactions and balances arising from business we conduct with wholly-owned subsidiaries and majority owned subsidiaries over which we exercise control, which we classify as related party transactions and balances. The following table describes the period-end account balances that we had with these related parties, shown as related party balances in the accompanying standalone balance sheets (in millions).

	March 31,	
	2021	2020
Accounts receivable, net — related parties	$ 107	$ 111
Other long-term assets — related parties[(1)]	541	754
Short term borrowings — related parties[(2)]	196	107
Accounts payable — related parties	82	69

(1) The Other long-term assets — related parties consists of loans due from other Novelis subsidiaries. These loans primarily consist of the following.
  i. A loan to Novelis Europe Holdings Ltd. with a maturity date of March 20, 2026 bearing interest at a fixed rate of 6.8% per annum
  ii. Loans to 8018227 Canada Inc. maturing June 2, 2022 bearing interest at a fixed rate of 6.0% per annum.
  iii. Loans to Novelis (China) Aluminum Products Co. Ltd maturing March 31, 2023 with a fixed interest rate of 6.84% per annum
  iv. A lloan to Novelis do Brasil Ltda. maturing May 22, 2024 with a fixed interest rate of 10.2% per annum

(2) Short term borrowings - related parties consist of a Demand Note balance due to Novelis Corporation.

	March 31,	
	2021	2020
Short term loan — related parties	$ 378	$ 984
Interest receivable — related parties	63	53
Notes receivable — related parties	$ 441	$ 1,037

Below is the dividend income related to the investment we have in our subsidiaries (in millions).

	March 31,	
	2021	2020
Dividend income — related parties	$ 192	$ 507

Below is the interest income related to the short-term and long-term notes and loans we have with our subsidiaries (in millions). Note 11 — Debt for additional information on notes and loans due to related parties.

	March 31,	
	2021	2020
Interest income — related parties	$ 69	$ 63

We have related party transactions with other Novelis Inc. subsidiaries. During the years ended March 31, 2021 and 2020, "Net sales - related parties" were $368 million and $433 million.

Transactions with Hindalco

We occasionally have related party transactions with our indirect parent company, Hindalco. During the years ended March 31, 2021 and 2020, “Net sales” were less than $1 million between Novelis and Hindalco. As of March 31, 2021 and 2020 there were $2 million and $1 million "Accounts receivable, net — related parties" net of "Accounts payable — related parties" related to transactions with Hindalco, respectively.

9. LEASES

We lease certain land, buildings and equipment under non-cancelable operating lease arrangements and certain office space under finance lease arrangements.

We used the following policies and/or assumptions in evaluating our lease population:

- Lease determination: We consider a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.
- Discount rate: When our lease contracts do not provide a readily determinable implicit rate, we use the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by region and asset class.
- Variable payments: We include payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. Other variable lease payments include, but are not limited to, maintenance, service, and supply costs. These costs are disclosed as a component of total lease costs.
- Purchase options: Certain leases include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.
- Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at our sole discretion.
- Residual value guarantees, restrictions, or covenants: Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.
- Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to "Selling, general, and administrative expenses" on the statement of operations.
- Non-lease components: Leases that contain non-lease components (primarily equipment maintenance) are accounted for as a single component and recorded on the balance sheet for certain asset classes including real estate and certain equipment. Non-lease components include, but are not limited to, common area maintenance, service arrangements, and supply agreements.

The table below presents the classification of leasing assets and liabilities (in millions).

Leases	Balance Sheet Classification	March 31, 2021	March 31, 2020
Assets			
Operating lease right-of-use assets	Other long–term assets	$ 19	22
Total lease assets		$ 19	22
Liabilities			
Current:			
Operating lease liabilities	Accrued expenses and other current liabilities	$ 6	5
Long-term:			
Operating lease liabilities	Other long–term liabilities	18	24
Total lease liabilities		$ 24	$ 29

The table below presents the classification of lease related expenses or income as reported on the statements of operations (in millions). Amortization of and interest on liabilities related to finance leases were less than $1 million and less than $1 million during the fiscal years ended March 31, 2021, and 2020, respectively. Sublease income was $1 million during the fiscal years ended March 31, 2021 and 2020, respectively.

Expense Type	Income Statement Classification	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2020
Operating lease costs[1]	Selling, general and administrative expenses	$ 6	5

(1) Operating lease costs include short-term leases and variable lease costs.

Future minimum lease payments as of March 31, 2021, for our operating leases having an initial or remaining non-cancelable lease term in excess of one year, are as follows (in millions).

Fiscal Year Ending March 31,	Operating Leases[1]
2022	$ 6
2023	6
2024	6
2025	3
2026	1
Thereafter	5
Total minimum lease payments	27
Less: interest	3
Present value of lease liabilities	$ 24

(1) Operating lease payments related to options to extend lease terms that are reasonably certain of being exercised are immaterial and we do not have leases signed but not yet commenced as of March 31, 2021.

The following table presents the weighted-average remaining lease term and discount rates.

	As of March 31, 2021	As of March 31, 2020
Weighted-average remaining lease term (years)		
Operating leases	6.0	6.6
Weighted-average discount rate		
Operating leases	5.04 %	4.99 %

The following table presents supplemental information on our operating leases for the fiscal year ended March 31, 2021 (in millions). Operating and financing cash flows from finance leases were immaterial for the fiscal years ended March 31, 2021 and 2020. There were no leased assets obtained in exchange for new operating and financing lease liabilities for the fiscal years ended March 31, 2021 or 2021.

Supplemental information	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 6	$ 7

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities" consists of the following (in millions).

	March 31,	
	2021	2020
Accrued compensation and benefits	$ 48	$ 36
Accrued interest payable	—	1
Accrued income taxes	1	2
Other current liabilities	15	15
Accrued expenses and other current liabilities — third parties	$ 64	$ 54

11. DEBT

Debt consists of the following (in millions).

		March 31, 2021			March 31, 2020		
	Interest Rates[1]	Principal	Unamortized Carrying Value Adjustments[2]	Carrying Value	Principal	Unamortized Carrying Value Adjustments[2]	Carrying Value
Third party debt:							
Floating rate Term Loan Facility, due June 2022	2.05 %	648	(5)	643	1,741	(22)	1,719
Floating rate Term Loan Facility, due March 2028	2.20 %	480	(9)	471	—	—	—
ABL Revolver		—	—	—	500	—	500
Total debt — third parties		1,128	(14)	1,114	2,241	(22)	2,219
Less: Current portion of long term debt		(23)	—	(23)	(18)	—	(18)
Long-term debt, net of current portion — third parties:		$ 1,105	$ (14)	$ 1,091	$ 2,223	$ (22)	$ 2,201
Related party debt[3]:							
Short term borrowings — related parties		$ 196	$ —	$ 196	$ 107	$ —	$ 107

(1) Interest rates are the stated rates of interest on the debt instrument (not the effective interest rate) as of March 31, 2021, and therefore, exclude the effects of accretion/amortization of fair value adjustments as a result of purchase accounting in connection with Hindalco's purchase of Novelis and accretion/amortization of debt issuance costs related to refinancing transactions and additional borrowings. We present stated rates of interest because they reflect the rate at which cash will be paid for future debt service.
(2) Amounts include unamortized debt issuance costs, fair value adjustments and debt discounts.
(3) Related party debt consists of a short-term demand note due to Novelis Corp.

Principal repayment requirements for our total debt over the next five years and thereafter (excluding unamortized carrying value adjustments) are as follows (in millions).

As of March 31, 2021	Amount
Short-term borrowings and Current portion of long term debt due within one year	$ 219
2 years	635
3 years	5
4 years	5
5 years	5
Thereafter	455
Total	$ 1,324

Senior Secured Credit Facilities

As of March 31, 2021, the senior secured credit facilities consisted of (i) a secured term loan credit facility ("Term Loan Facility") and (ii) a $1.5 billion asset based loan facility ("ABL Revolver"). The senior secured credit facilities contain various affirmative covenants, including covenants with respect to our financial statements, litigation and other reporting requirements, insurance, payment of taxes, employee benefits and (subject to certain limitations) causing new subsidiaries to pledge collateral and guaranty our obligations. The senior secured credit facilities also include various customary negative covenants and events of default, including limitations on our ability to (1) incur additional indebtedness, (2) sell certain assets, (3) enter into sale and leaseback transactions, (4) make investments, loans and advances, (5) pay dividends or returns of capital and distributions beyond certain amounts, (6) engage in mergers, amalgamations or consolidations, (7) engage in certain transactions with affiliates, and (8) prepay certain indebtedness. The Term Loan Facility also contains a financial maintenance covenant that prohibits Novelis' senior secured net leverage ratio as of the last day of each fiscal quarter period as measured on a rolling four quarter basis from exceeding 3.50 to 1.00, subject to customary equity cure rights. The senior secured credit facilities include a cross-default provision under which lenders could accelerate repayment of the loans if a payment or non-payment default arises under any other indebtedness with an aggregate principal amount of more than $100 million (or, in the case of the Term Loan Facility, under the ABL Revolver regardless of the amount outstanding). The senior secured credit facilities are guaranteed by the Company's direct parent, AV Metals Inc., and certain of the Company's direct and indirect subsidiaries and are secured by a pledge of substantially all of the assets of the Company and the guarantors.

Term Loan Facility

In January 2017, we borrowed $1.8 billion of term loans (the "2017 Term Loans") under our Term Loan Facility. The 2017 Term Loans mature on June 2, 2022 and are subject to 0.25% quarterly amortization payments. The existing loans under the Term Loan Facility accrue interest at LIBOR plus 1.85%.

In March 2021, we borrowed $480 million of term loans (the "2021 Term Loans") under our Term Loan Facility. The 2021 Term Loans mature on March 31, 2028 and are subject to 0.25% quarterly amortization payments. The existing loans under the Term Loan Facility accrue interest at LIBOR plus 2.00%. The proceeds of the 2021 Term Loans were applied to refinance a portion of the 2017 Term Loans. After giving effect to such refinancing in addition to a partial repayment of the 2017 Term Loans with the proceeds of the issuance of the 2029 Senior Notes (as defined below), principal amounts of $648 million of the 2017 Term Loans and $480 million of the 2021 Term Loans were outstanding as of March 31, 2021. We incurred $9 million in debt issuance costs related to the issuance of the 2021 Term Loans, which will be amortized as an increase to interest expense and amortization of debt issuance costs over the term of the note.

As a result of this partial repayment of our 2017 Term Loans, we recorded $8 million of loss on early extinguishment of debt on our statement of operations for fiscal 2021.

Subsequent to March 31, 2021, we borrowed an additional $20 million on the 2021 Term Loans, bringing the total principal borrowed under the 2021 Term Loans to $500 million. The proceeds of these additional borrowings were applied to refinance a portion of the 2017 Term Loans.

The Term Loan Facility requires customary mandatory prepayments with excess cash flow, other asset sale proceeds, casualty event proceeds and proceeds of prohibited indebtedness, all subject to customary reinvestment rights and exceptions. The loans under the Term Loan Facility may be prepaid, in full or in part, at any time at Novelis' election without penalty or premium. The Term Loan Facility allows for additional term loans to be issued in an amount not to exceed $300 million (or its equivalent in other currencies) plus an unlimited amount if, after giving effect to such incurrences on a pro forma basis, the secured net leverage ratio does not exceed 3.00 to 1.00. The Term Loan Facility allows for additional term loans to be issued in an amount to refinance loans outstanding under the Term Loan Facility. The lenders under the Term Loan Facility have not committed to provide any such additional term loans.

As of March 31, 2021, we were in compliance with the covenants for our Term Loan Facility.

ABL Revolver

In April 2019, we entered into an amendment (the "ABL Amendment") to our existing ABL Revolver. Pursuant to the terms of the amendment, the commitments under the pre-existing $1 billion facility increased by $500 million on October 15, 2019. Aleris and certain of its U.S. subsidiaries became borrowers under the ABL Revolver upon closing of the acquisition, and the ABL Amendment includes additional changes to facilitate the acquisition of Aleris (including permitting borrowings under the Short Term Credit Agreement) and the inclusion of certain Aleris assets in the borrowing base following the acquisition. The ABL Amendment also includes additional changes to increase our operating flexibility.

The ABL Revolver is a senior secured revolver bearing an interest rate of LIBOR plus a spread of 1.25% to 1.75% or a prime rate plus a prime spread of 0.25% to 0.75% based on excess availability. The ABL Revolver has a provision that allows the ABL Revolver to be increased by an additional $750 million, subject to lenders providing commitments for the increase. The ABL Revolver has various customary covenants including maintaining a specified minimum fixed charge coverage ratio of 1.25 to 1 if excess availability is less than the greater of (1) $115 million and (2) 10% of the lesser of (a) the maximum size of the ABL Revolver and (b) the borrowing base. The ABL Revolver matures on April 15, 2024; provided that, (1) in the event that the Short Term Credit Agreement (as defined below) is outstanding (and not refinanced with a maturity date later than October 15, 2024) 60 days prior to its maturity then the ABL Revolver will mature 60 days prior to the maturity date of the Short Term Credit Agreement (provided further that if we have commenced a refinancing of the Short Term Credit Agreement that is continuing on and after the date that is 60 days prior to the maturity date of the Short Term Credit Agreement and that is scheduled to be and is capable of being completed prior to the date that is 45 days prior to the maturity date of the Short Term Credit Agreement, then the ABL Revolver will mature 45 days prior to the maturity date of the Short Term Credit Agreement); and (2) in the event that the Term Loan Facility or certain other indebtedness is outstanding 90 days prior to its maturity (and not refinanced with a maturity date later than October 15, 2024, then the ABL Revolver will mature 90 days prior to the maturity date for such other indebtedness, as applicable; unless excess availability under the ABL Revolver is at least (i) 20% of the lesser of (x) the total ABL Revolver commitment and (y) the then applicable borrowing base and (ii) 15% of the lesser of (x) the total ABL Revolver commitment and (y) the then applicable borrowing base, and a minimum fixed charge ratio test of at least 1.25 to 1 is met.

As of March 31, 2021, there was no outstanding balance on Novelis Inc.'s ABL borrowings, and we were in compliance with the covenants for our ABL Revolver.

Guarantees of Indebtedness

On September 14, 2016, Novelis Corporation issued $1.5 billion in aggregate principal amount of 5.875% Senior Notes Due 2026 (the 2026 Notes). The 2026 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

In January 2020, Novelis Corporation issued $1.6 billion in aggregate principal amount of 4.75% Senior Notes due 2030 (the 2030 Notes, together with the 2026 Notes, the Notes). The 2030 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

In March 2021, Novelis Sheet Ingot GmbH, an indirect wholly owned subsidiary of Novelis Inc., organized under the laws of Ireland, issued €500 million in aggregate principal amount 3.375% Senior Notes due 2029 (the "2029 Senior Notes" and together with the 2026 Senior Notes and the 2030 Senior Notes, the "Senior Notes"). The 2030 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

The Notes contain customary covenants and events of default that will limit our ability and, in certain instances, the ability of certain of our subsidiaries to (1) incur additional debt and provide additional guarantees, (2) pay dividends or return capital beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of the Company's subsidiaries to pay dividends or make other distributions to the Company, (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of our assets and the assets of certain of our subsidiaries. During any future period in which either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc. have assigned an investment grade credit rating to the Notes and no default or event of default under the indenture has occurred and is continuing, most of the covenants will be suspended. The Notes include a cross-acceleration event of default triggered if (1) any other indebtedness with an aggregate principal amount of more than $100 million is (1) accelerated prior to its maturity or (2) not repaid at its maturity. The Senior Notes also contain customary call protection provisions for our bondholders that extend through September 2024 for the 2026 Senior Notes, through April 2025 for the 2029 Notes, and through January 2028 for the 2030 Senior Notes.

12. SHARE-BASED COMPENSATION

The Company's board of directors has authorized long term incentive plans ("LTIPs"), under which Hindalco stock appreciation rights ("SARs"), Novelis SARs, phantom restricted stock units ("RSUs"), and Novelis performance units ("PUs") are granted to certain executive officers and key employees.

The Hindalco SARs vest at the rate of 33% per year, subject to the achievement of an annual performance target. Fiscal year ended March 31, 2012 through fiscal year ended March 31, 2016 SARs expire in May of the seventh year from the original grant date, while the fiscal year ended March 31, 2017 and onwards SARs expire seven years from their original grant date. The performance criterion for vesting of the Hindalco SARs is based on the actual overall Novelis operating EBITDA compared to the target established and approved each fiscal year. The minimum threshold for vesting each year is 75% of each annual target operating EBITDA. Given that the performance criterion is based on an earnings target in a future period for each fiscal year, the grant date of the awards for accounting purposes is generally not established until the performance criterion has been defined.

Each Hindalco SAR is to be settled in cash based on the difference between the market value of one Hindalco share on the date of grant and the market value on the date of exercise. Each Novelis SAR is to be settled in cash based on the difference between the fair value of one Novelis phantom share on the original date of grant and the fair value of a phantom share on the date of the exercise. The amount of cash paid to settle Hindalco SARs and Novelis SARs is limited to three times the target payout, depending on the plan year. The Hindalco SARs and Novelis SARs do not transfer any shareholder rights in Hindalco or Novelis to a participant. The Hindalco SARs and Novelis SARs are classified as liability awards and are remeasured at fair value each reporting period until the SARs are settled.

In May 2016, the Company's board of directors approved the issuance of Novelis PUs which have a fixed $100 value per unit and will vest in full three years from the grant date, subject to specific performance criteria compared to the established target. The Company made a voluntary offer to the participants with outstanding Novelis SARs granted for fiscal years 2012 through 2016 to exchange their Novelis SARs for an equivalently valued number of Novelis PUs. The voluntary exchange resulted in 521,168 Novelis SARs being modified into PUs which are not based on Novelis' nor Hindalco's fair values and are accounted for outside the scope of ASC 718, Compensation - Stock Compensation. This exchange was accounted for as a modification. There were 6,352 of Novelis SARs that remain outstanding as of March 31, 2021.

The RSUs are based on Hindalco's stock price. The RSUs vest either in full three years from the grant date or 33% per year over three years, subject to continued employment with the Company, but are not subject to performance criteria. Each RSU is to be settled in cash equal to the market value of one Hindalco share. The payout on the RSUs is limited to three times the market value of one Hindalco share measured on the original date of grant. The RSUs are classified as liability awards and expensed over the requisite service period (three years) based on the Hindalco stock price as of each balance sheet date.

Total compensation expense (income) related to Hindalco SARs, Novelis SARs, and RSUs under the plans for the respective periods is presented in the table below (in millions). These amounts are included in “Selling, general and administrative expenses” in our statements of operations. As the performance criteria for fiscal years 2022, 2023 and 2024 have not yet been established, measurement periods for Hindalco SARs and Novelis SARs relating to those periods have not yet commenced. As a result, only compensation expense for vested and current year Hindalco SARs and Novelis SARs has been recorded.

	Year Ended March 31,	
	2021	2020
Total compensation expense (income)	$ 29	$ (1)

The table below shows the RSUs activity for the year ended March 31, 2021.

	Number of RSUs	Grant Date Fair Value (in Indian Rupees)	Aggregate Intrinsic Value (USD in millions)
RSUs outstanding as of March 31, 2020	2,576,661	206.29	$ 4
Granted	3,034,921	118.34	—
Exercised	(1,299,934)	205.04	2
Forfeited/canceled	(66,686)	185	—
RSUs outstanding as of March 31, 2021	4,244,962	144	18

During fiscal 2020, we granted 1,461,250 RSUs with a grant date fair value of INR 201.64, and the aggregate intrinsic value of RSUs exercised was $5 million.

During fiscal 2019, we granted 1,216,127 RSUs with a grant date fair value of INR 230.48, and the aggregate intrinsic value of RSUs exercised was $8 million.

Total cash payments made to settle Hindalco RSUs were $2 million, $5 million, and $8 million in the fiscal years ended March 31, 2021, 2020, and 2019, respectively.

As of March 31, 2021, unrecognized compensation expense related to the RSUs was $6 million, which will be recognized over the remaining weighted average vesting period of 1.5 years.

The table below shows Hindalco SARs activity for the year ended March 31, 2021.

	Number of Hindalco SARs	Weighted Average Exercise price (in Indian Rupees)	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (USD in millions)
SARs outstanding as of March 31, 2020	7,964,638	179.95	4.3	$ —
Granted	4,985,137	118.10	5.3	20
Exercised	(3,393,578)	148.17	—	4
Forfeited/canceled	(397,238)	190.47	—	—
SARs outstanding as of March 31, 2021	9,158,959	157.60	5.3	20
SARs exercisable as of March 31, 2021	2,219,336	202.26	3.9	$ 6

During fiscal 2020, we granted 2,402,956 Hindalco SARs with a grant date fair value of INR 198.88, and the aggregate intrinsic value of Hindalco SARs exercised was $1 million.

During fiscal 2019, we granted 1,618,479 Hindalco SARs with a grant date fair value of INR 230.97, and the aggregate intrinsic value of Hindalco SARs exercised was $3 million.

The cash payments made to settle Hindalco SAR liabilities were $4 million, $2 million, and $3 million, in the fiscal years ended March 31, 2021, 2020, and 2019, respectively.

As of March 31, 2021, unrecognized compensation expense related to the non-vested Hindalco SARs (assuming all future performance criteria are met) was $6 million which is expected to be recognized over a weighted average period of 1.4 years.

The table below shows Novelis SARs activity for the year ended March 31, 2021.

	Number of Novelis SARs	Weighted Average Exercise price (in USD)	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (USD in millions)
SARs outstanding as of March 31, 2020	15,113	$ 83.74	1.2	$ —
Granted	—	—	—	—
Exercised	(5,412)	92.02	—	—
Forfeited/canceled	(3,349)	72.28	—	—
SARs outstanding as of March 31, 2021	6,352	82.73	0.6	—
SARs exercisable as of March 31, 2021	6,352	$ 82.73	0.6	$ —

During fiscal 2020, the aggregate intrinsic value of Novelis SARs exercised was $1 million.

The cash payments made to settle Novelis SAR liabilities were less than $1 million in the fiscal years ended March 31, 2021, 2020, and 2019, respectively.

The fair value of each unvested Hindalco SAR was estimated using the following assumptions.

	Year ended March 31,	
	2021	2020
Risk-free interest rate	3.32% - 6.18%	4.73% - 6.89%
Dividend yield	0.32 %	1.27 %
Volatility	40% - 57%	36% - 85%

The fair value of each unvested Novelis SAR was estimated using the following assumptions.

	Year ended March 31,	
	2021	2020
Risk-free interest rate	0.03% - 0.08%	0.00% - 0.35%
Dividend yield	— %	— %
Volatility	28% - 45%	24% - 40%

The fair value of each unvested Hindalco SAR was based on the difference between the fair value of a long call and a short call option. The fair value of each of these call options was determined using the Monte Carlo Simulation model. We used historical stock price volatility data of Hindalco on the National Stock Exchange of India to determine expected volatility assumptions. The risk-free interest rate is based on Indian treasury yields interpolated for a time period corresponding to the remaining contractual life. The forfeiture rate is estimated based on actual historical forfeitures. The dividend yield is estimated to be the annual dividend of the Hindalco stock over the remaining contractual lives of the Hindalco SARs. The value of each vested Hindalco SAR is remeasured at fair value each reporting period based on the excess of the current stock price over the exercise price, not to exceed the maximum payout as defined by the plans. The fair value of the Hindalco SARs is being recognized over the requisite performance and service period of each tranche, subject to the achievement of any performance criteria.

The fair value of each unvested Novelis SAR was based on the difference between the fair value of a long call and a short call option. The fair value of each of these call options was determined using the Monte Carlo Simulation model. We used the historical volatility of comparable companies to determine expected volatility assumptions. The risk-free interest rate is based on U.S. treasury yields for a time period corresponding to the remaining contractual life. The forfeiture rate is estimated based on actual historical forfeitures of Hindalco SARs. The value of each vested Novelis SAR is remeasured at fair value each reporting period based on the percentage increase in the current Novelis phantom stock price over the exercise price, not to exceed the maximum payout as defined by the plans. The fair value of the Novelis SARs is being recognized over the requisite performance and service period of each tranche, subject to the achievement of any performance criteria.

13. POST RETIREMENT BENEFIT PLANS

Our pension obligations relate to a funded defined benefit pension plan in Canada and unfunded defined benefit pension plans in Canada and the U.S. Our other postretirement obligations (Other Benefits, as shown in certain tables below) include unfunded health care and life insurance benefits provided to retired employees in Canada and the U.S.

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to-date, and amortize unfunded actuarial liabilities typically over periods of approximately 10 years or less. We also participate in savings and defined contribution plans in Canada and the U.S. We contributed the following amounts (in millions) to all plans.

	Year Ended March 31,	
	2021	2020
Funded pension plans	$ —	$ —
Unfunded pension plans	1	1
Savings and defined contribution pension plans	1	1
Total contributions	$ 2	$ 2

During fiscal year 2022, we expect to contribute less than $1 million to our funded pension plans, $1 million to our unfunded pension plans, and $1 million to our savings and defined contribution pension plans.

Benefit Obligations, Fair Value of Plan Assets, Funded Status and Amounts Recognized in Financial Statements

The following tables present the change in benefit obligation, change in fair value of plan assets and the funded status for pension and other benefits (in millions).

	Pension Benefits		Other Benefits	
	Year Ended March 31,		Year Ended March 31,	
	2021	2020	2021	2020
Benefit obligation at beginning of period	$ 110	$ 119	$ 8	$ 9
Service cost	1	1	—	—
Interest cost	4	4	—	—
Benefits paid	(5)	(6)	—	—
Actuarial losses (gains)	3	(2)	—	—
Currency losses (gains)	13	(6)	2	(1)
Benefit obligation at end of period	$ 126	$ 110	$ 10	$ 8
Benefit obligation of funded plans	$ 106	$ 91	$ —	$ —
Benefit obligation of unfunded plans	20	19	10	8
Benefit obligation at end of period	$ 126	$ 110	$ 10	$ 8

	Pension Benefits	
	Year Ended March 31,	
	2021	2020
Change in fair value of plan assets		
Fair value of plan assets at beginning of period	$ 95	$ 105
Actual return on plan assets	11	1
Benefits paid	(5)	(6)
Company contributions	1	1
Currency (losses) gains	13	(6)
Fair value of plan assets at end of period	$ 115	$ 95

	March 31,			
	2021		2020	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Funded status				
Funded Status at end of period				
Assets less the benefit obligation of funded plans	$ 9	$ —	$ 5	$ —
Benefit obligation of unfunded plans	(20)	(10)	(20)	(8)
	$ (11)	$ (10)	$ (15)	$ (8)
As included in our balance sheets within Total assets / (Total liabilities)				
Other non-current assets	$ 9	$ —	$ 5	$ —
Accrued expenses and other current liabilities	(1)	—	(1)	—
Accrued postretirement benefits	(19)	(10)	(19)	(8)
	$ (11)	$ (10)	$ (15)	$ (8)

The postretirement amounts recognized in “Accumulated other comprehensive loss,” before tax effects, are presented in the table below (in millions). Amounts are amortized to net periodic benefit cost over the group’s average future service life of the employees or the group's average life expectancy.

	March 31,			
	2021		2020	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial gain (loss) recognized in Accumulated other comprehensive income (loss)	$ 7	$ 2	$ 2	$ 3

The postretirement changes recognized in “Accumulated other comprehensive loss,” before tax effects, are presented in the table below (in millions).

	March 31,			
	2021		2020	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Beginning balance in Accumulated other comprehensive (loss) income	$ 2	$ 3	$ 4	$ 3
Net actuarial gain (loss)	4	(1)	(2)	—
Effect of currency exchange	1	—	—	—
Total postretirement amounts recognized in Accumulated other comprehensive income (loss)	$ 7	$ 2	$ 2	$ 3

Pension Plan Obligations

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets are presented in the table below (in millions).

	March 31,	
	2021	2020
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans:		
Projected benefit obligation	$ 126	$ 110
Accumulated benefit obligation	122	106
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	$ 20	$ 19
Fair value of plan assets	—	—
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	$ 20	$ 20
Fair value of plan assets	—	—
Pension plans with projected benefit obligations less than plan assets:		
Projected benefit obligation	$ 106	$ 91
Fair value of plan assets	115	95

Future Benefit Payments

Expected benefit payments to be made during the next ten fiscal years are listed in the table below (in millions).

	Pension Benefits	Other Benefits
2022	$ 6	$ —
2023	6	—
2024	6	—
2025	6	—
2026	7	—
2027 through 2031	34	2
Total	$ 65	$ 2

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost for the respective periods are listed in the table below (in millions).

	Pension Benefit Plans		Other Benefit Plans	
	Year Ended March 31,		Year Ended March 31,	
	2021	2020	2021	2020
Net periodic benefit cost				
Service cost	$ 1	$ 1	$ —	$ —
Interest cost	4	4	—	—
Expected return on assets	(4)	(4)	—	—
Net periodic benefit cost	$ 1	$ 1	$ —	$ —

Actuarial Assumptions and Sensitivity Analysis

The weighted average assumptions used to determine benefit obligations and net periodic benefit costs for the respective periods are listed in the table below.

	Pension Benefits		Other Benefits	
	Year Ended March 31,		Year Ended March 31,	
	2021	2020	2021	2020
Weighted average assumptions used to determine benefit obligations				
Discount rate	3.3 %	3.5 %	3.3 %	3.5 %
Average compensation growth	3.3	3.3	3.3	3.3
Weighted average assumptions used to determine net periodic benefit cost				
Discount rate	3.4 %	6.1 %	3.3 %	3.3 %
Average compensation growth	3.5	4.1	3.3	3.3
Expected return on plan assets	4.4	4.4	—	—

In selecting the appropriate discount rate for each plan, for pension and other postretirement plans in Canada and the U.S., we used spot rate yield curves and individual bond matching models. For other countries, we used published long-term high quality corporate bond indices with adjustments made to the index rates based on the duration of the plans' obligation.

In estimating the expected return on assets of a pension plan, consideration is given primarily to its target allocation, the current yield on long-term bonds in the country where the plan is established, and the historical risk premium of equity or real estate over long-term bond yields in each relevant country. The approach is consistent with the principle that assets with higher risk provide a greater return over the long-term. The expected long-term rate of return on plan assets is 3.0% in fiscal 2022.

We provide unfunded health care and life insurance benefits to our retired employees in Canada, for which we paid less than $1 million in fiscal 2021. The assumed health care cost trend used for measurement purposes is 5.0% for fiscal 2022 and remaining at that level for all years thereafter.

In addition, we provide post-employment benefits, including disability, early retirement and continuation of benefits (medical, dental, and life insurance) to our former or inactive employees, which are accounted for on the accrual basis in accordance with ASC 712, *Compensation — Retirement Benefits*. "Other long–term liabilities" and "Accrued expenses and other current liabilities" on our balance sheets include less than $1 million as of March 31, 2021 and 2020 for these benefits.

Investment Policy and Asset Allocation

The Company’s overall investment strategy is to achieve a mix of approximately 50% of investments for long-term growth (equities, real estate) and 50% for near-term benefit payments (debt securities, other) with a wide diversification of asset categories, investment styles, fund strategies and fund managers. Since most of the defined benefit plans are closed to new entrants, we expect this strategy to gradually shift more investments toward near-term benefit payments.

Our funded pension plan is governed by an Investment Fiduciary, who establishes an investment policy appropriate for the pension plan. The Investment Fiduciary is responsible for selecting the asset allocation for the plan, monitoring investment managers, monitoring returns versus benchmarks and monitoring compliance with the investment policy. The targeted allocation ranges by asset class, and the actual allocation percentages for each class are listed in the table below.

		Aggregate Allocation as of March 31,	
	Target Allocation Ranges	2021	2020
Equity	0% - 26%	26 %	23 %
Fixed income	0% - 74%	74 %	76 %

Fair Value of Plan Assets

All pension plan assets as of March 31, 2021 are reported as net asset value.

14. CURRENCY LOSSES

The following currency gains (losses) are included in “Other income, net” in the accompanying statements of operations (in millions).

	Year Ended March 31,	
	2021	2020
Loss on remeasurement of monetary assets and liabilities, net	$ 11	$ 34
Currency losses, net	$ 11	$ 34

The following currency gains (losses) are included in “Accumulated other comprehensive loss" (in millions).

	Year Ended March 31,	
	2021	2020
Cumulative currency translation adjustment — beginning of period	$ (29)	$ (27)
Effect of changes in exchange rates	5	(2)
Cumulative currency translation adjustment — end of period	$ (24)	$ (29)

15. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

The gross fair values of our financial instruments and commodity contracts as of March 31, 2021 and 2020 are as follows (in millions).

	March 31, 2021				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/ (Liabilities)
Derivative Instruments					
Metal contracts	$ 7	$ —	$ (10)	$ —	$ (3)
Currency exchange contracts	2	—	—	—	2
Total derivative fair value	$ 9	$ —	$ (10)	$ —	$ (1)

	March 31, 2020				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/ (Liabilities)
Derivative Instruments					
Metal contracts	$ 12	$ —	$ (8)	$ —	$ 4
Currency exchange contracts	1	—	(4)	—	(3)
Total derivative fair value	$ 13	—	$ (12)	$ —	$ 1

Metal

We use derivative instruments to preserve our conversion margins and manage the timing differences associated with metal price lag. We use over-the-counter derivatives indexed to the LME aluminum derivative forward contracts to reduce our exposure to fluctuating metal prices associated with the period of time between the pricing of our purchases of inventory and the pricing of the sale of that inventory to our customers, which is known as "metal price lag". We also purchase forward LME aluminum contracts simultaneous with our sales contracts with customers that contain fixed metal prices. These LME aluminum forward contracts directly hedge the economic risk of future metal price fluctuations to better match the selling price of the metal with the purchase price of the metal. The volatility in the local market premiums also results in metal price lag.

As of March 31, 2021 we had 25 kt of outstanding aluminum sales/purchase forward contracts. As of March 31, 2020, we had 19 kt of outstanding aluminum forward contracts. The maximum and average duration of metal forward contracts is 11 months and 7 months, respectively.

In addition to aluminum, we had LME copper and LMP forward contracts. As of March 31, 2021, we had 1 kt of outstanding copper forward contracts. The maximum and average duration of copper forward contracts is 24 months and 18 months, respectively.

Foreign Currency

We use foreign exchange forward contracts, cross-currency swaps and options to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments and forecasted cash flows denominated in currencies other than the functional currency of certain operations.

As of March 31, 2021 and March 31, 2020, we had outstanding currency exchange contracts with a total notional amount of $17 million and $27 million, respectively.

Currency contracts have a maximum duration of less than 2 years. Contracts that represent the majority of notional amounts will mature within the next 9 months.

Gain (Loss) Recognition

The following table summarizes the gains (losses) associated with the change in fair value of derivative instruments and recognized in "Gain (loss) on change in fair value of derivative instruments, net" (in millions).

	Year Ended March 31,	
	2021	2020
Derivative Instruments		
Metal contracts	$ (8)	$ 5
Currency exchange contracts	2	(2)
(Loss) gain on change in fair value of derivative instruments, net	$ (6)	$ 3

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the change in the components of accumulated other comprehensive income (loss) net of tax, for the periods presented (in millions).

	Currency Translation	Postretirement Benefit Plans[1]	Total
Balance as of March 31, 2019	$ (27)	$ 7	$ (20)
Other comprehensive income (loss) before reclassifications	(2)	(2)	(4)
Amounts reclassified from AOCI, net	—	—	—
Net change in other comprehensive income (loss)	(2)	(2)	(4)
Balance as of March 31, 2020	(29)	5	(24)
Other comprehensive (loss) income before reclassifications	5	5	10
Amounts reclassified from AOCI, net	—	—	—
Net change in other comprehensive (loss) income	5	5	10
Balance as of March 31, 2021	$ (24)	$ 10	$ (14)

(1) For additional information on our postretirement benefit plans see Note 13 — Postretirement Benefit Plans.

17. FAIR VALUE MEASUREMENTS

We record certain assets and liabilities, primarily derivative instruments, on our balance sheets at fair value. We also disclose the fair values of certain financial instruments, including debt and loans receivable, which are not recorded at fair value. Our objective in measuring fair value is to estimate an exit price in an orderly transaction between market participants on the measurement date. We consider factors such as liquidity, bid/offer spreads and nonperformance risk, including our own nonperformance risk, in measuring fair value. We use observable market inputs wherever possible. To the extent observable market inputs are not available, our fair value measurements will reflect the assumptions we used. We grade the level of the inputs and assumptions used according to a three-tier hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities we have the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as what market participants would use in pricing the asset or liability.

The following section describes the valuation methodologies we used to measure our various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified.

Derivative Contracts

For certain derivative contracts with fair values based upon trades in liquid markets, such as aluminum, foreign exchange valuation, model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are generally classified within Level 2 of the fair value hierarchy.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices. We generally classify these instruments within Level 2 of the valuation hierarchy. Such derivatives commonly include cross-currency swaps, foreign currency contracts, aluminum and copper forward contracts.

For Level 2 and 3 of the fair value hierarchy, where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations (nonperformance risk). We regularly monitor these factors along with significant market inputs and assumptions used in our fair value measurements and evaluate the level of the valuation input according to the fair value hierarchy. This may result in a transfer between levels in the hierarchy from period to period. As of March 31, 2021 and March 31, 2020, we did not have any Level 1 or Level 3 derivative contracts. No amounts were transferred between levels in the fair value hierarchy.

All of the Company's derivative instruments are carried at fair value in the statement of financial position prior to considering master netting agreements. The table below also discloses the net fair value of the derivative instruments after considering the impact of master netting agreements.

The following tables present our derivative assets and liabilities which were measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of March 31, 2021 and 2020 (in millions).

	March 31,			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Level 2 Instruments				
Metal contracts	$ 7	$ (10)	$ 12	$ (8)
Currency exchange contracts	2	—	1	(4)
Total Level 2 Instruments	$ 9	$ (10)	$ 13	$ (12)
Netting adjustment[1]	(7)	7	(8)	8
Total, net	$ 2	$ (3)	$ 5	$ (4)

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions with the same counterparties.

Financial Instruments Not Recorded at Fair Value

The table below presents the estimated fair value of certain financial instruments that are not recorded at fair value on a recurring basis (in millions). The table excludes short-term financial assets and liabilities for which we believe carrying value approximates fair value. We value long-term debt using Level 2 inputs. Valuations are based on either market and/or broker ask prices when available or on a standard credit adjusted discounted cash flow model using market observable inputs. The values below relate to consolidated Novelis.

	March 31,			
	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities				
Total debt — third parties (excluding short term borrowings)	$ 1,114	$ 1,127	$ 2,219	$ 2,198

18. OTHER EXPENSES (INCOME)

"Other expenses (income), net" is comprised of the following (in millions):

	Year Ended March 31,	
	2021	2020
Currency losses, net	$ 11	$ 34
Royalties income[1]	(60)	(39)
Other, net	(33)	(14)
Other income, net	$ (82)	$ (19)

(1) The Company has branding license and patent agreements with related parties duly approved by the National Institute of Industrial Property ("INPI").

19. INCOME TAXES

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable).

We are subject to Canadian and local income taxes. The domestic (Canada) components of our "Income (loss) before income taxes" are as follows (in millions).

	Year Ended March 31,	
	2021	2020
Domestic (Canada)	$ 189	$ 470
Foreign (all other countries)	—	—
Pre-tax (loss) income	$ 189	$ 470

The components of the "Income tax provision" are as follows (in millions).

	Year Ended March 31,	
	2021	2020
Current provision:		
Domestic (Canada)	$ 2	$ 4
Foreign (all other countries)	—	—
Total current	2	4
Deferred provision:		
Domestic (Canada)	—	—
Foreign (all other countries)	—	—
Total deferred	—	—
Income tax provision	$ 2	$ 4

Deferred Income Taxes

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for income tax purposes, and the impact of available net operating loss (NOL) and tax credit carryforwards. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

At March 31, 2021 the Company had total deferred tax assets of approximately $597 million primarily arising from book reserves not deductible for tax and net operating loss carryforwards, net of other deferred liabilities of $0 million. At March 31, 2020 the Company had total deferred tax assets of approximately $602 million primarily arising from book reserves not deductible for tax and net operating loss carryforwards, net of other deferred liabilities of $0 million.

ASC 740 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. After consideration of all evidence, both positive and negative, management concluded that is more likely than not that we will be unable to realize a portion of our deferred tax assets and that valuation allowances of $597 million and $602 million were necessary as of March 31, 2021 and 2020, respectively.

As of March 31, 2021, we had net operating loss carryforwards of approximately $441 million (tax effected) and tax credit carryforwards of $56 million, which will be available to offset future taxable income and tax liabilities, respectively. The net operating loss carryforwards and the tax credit carryforwards begin expiring in fiscal 2028 and 2019, respectively. As of March 31, 2021, valuation allowances of $441 million, $56 million and $99 million had been recorded against net operating loss carryforwards, tax credit carryforwards and other deferred tax assets, respectively, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are Canadian related.

As of March 31, 2020, we had net operating loss carryforwards of approximately $460 million (tax effected) and tax credit carryforwards of $56 million, which will be available to offset future taxable income and tax liabilities, respectively. The net operating loss carryforwards and the tax credit carryforwards begin expiring in fiscal 2028 and 2021, respectively. As of March 31, 2020, valuation allowances of $460 million, $56 million and $85 million had been recorded against net operating loss carryforwards, tax credit carryforwards and other deferred tax assets, respectively, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are Canadian related.

The Company has not provided deferred taxes on undistributed earnings of its non-domestic subsidiaries, as the Company does not currently plan to initiate any action that would result in these earnings being repatriated. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely.

Income Tax Payable

Our balance sheet includes income taxes payable of less than $1 million as of March 31, 2021 and income taxes payable of less than $1 million as of March 31, 2020, which are included in "Prepaid expenses and other current assets."