Brecha Energética Ltda.

Financial statements at
March 31, 2018

Brecha Energética Ltda.

Balance sheet

All amounts in Reais

Assets	2018	2017	Equity	2018	2017
Current assets			Equity		
Cash and cash equivalents	1.000	1.000	Share capital	1.000	1.000
Total assets	1.000	1.000	Total equity	1.000	1.000

The accompanying notes are an integral part of these financial statements.

Brecha Energética Ltda.

Statement of changes in equity

All amounts in Reais

	Share capital	Retained earnings	Total
Capital subscription (articles of organization of 4/25/14)	1.000	-	1.000
At March 31, 2015	1.000	-	1.000
At March 31, 2016	1.000	-	1.000
At March 31, 2017	1.000	-	1.000
At March 31, 2018	1.000	-	1.000

The accompanying notes are an integral part of these financial statements.

1 General information

Brecha Energética Ltda.

Brecha Energética Ltda. is a limited liability company controlled by Novelis do Brasil Ltda., headquartered in the city of Ponte Nova, in the state of Minas Gerais, primarily engaged in the generation, transmission, distribution and wholesale trade of electric energy upon appropriate authorization from the National Electric Energy Agency (Aneel).

The Company is dormant since its incorporation on April 25, 2014, without any activity carried out until the end of its fiscal year on March 31, 2018.

Novelis Group

Novelis do Brasil Ltda. (the "Company" or "Novelis") is a wholly-owned subsidiary of Novelis Inc., headquartered in Atlanta, Georgia, USA. All of the common shares of Novelis Inc. are owned directly by AV Metalis Inc. and indirectly by Hindalco Industries Limited, a leader of the sector of aluminum, coper and metals of the Aditya Birla Group, a reference company headquartered in Mumbai, India.

The Novelis Group is the world leader of aluminum rolled products and a global leader of aluminum recycling. Based on its production capacity, commitment to innovation and technology leadership, Novelis offers sustainable solutions for the most demanding applications, which include automobiles, beverage cans, architecture materials and electronic goods. The Novelis Group has approximately 11,140 employees, and is present in ten countries in four continents (North America, South America, Asia and Europe) and has 24 plants, including the recycling activities in 11 of these.

Novelis is headquartered in the city of São Paulo, has two plants located in Pindamonhangaba and Santo André, both in the State of São Paulo, which together carry out aluminum sheet and foil rolling and recycling operations. Novelis also has eight collection centers distributed across the states of São Paulo, Minas Gerais, Bahia, Pernambuco and Pará and one distribution center in the State of Espirito Santo. It has a total of around 1,570 employees and covers mainly the market of aluminum sheet for cans, transportation and specialties.

The issue of these financial statements was authorized by the Company's Board of Directors on April 24, 2018.

2 Summary of significant accounting policies

The main accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, and those considered immaterial were not included in the financial statements.

2.1 New standards that are not yet effective

The following new standards were issued by the IASB but are not effective for the year ended March 31, 2018. The early adoption of standards, even though encouraged by the IASB, has not been implemented in Brazil by the Brazilian Federal Accounting Committee ("CFC").

Standard	IFRS 9/CPC 48 - Financial Instruments
Description/ Effectiveness	This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective from January 10, 2018. It supersedes the guidance included in IAS 39/CPC 38 related to the classification and measurement of financial instruments. The main amendments introduced by IFRS 9 are: (i) new criteria for the classification of financial assets; (ii) a new impairment model for financial assets, which is a hybrid of expected and incurred losses, replacing the current model of incurred losses; and (iii) the relaxation of the requirements for the adoption of hedge accounting.
Impacts on adoption	Management assessed the changes introduced by the standard and concluded that its adoption will not bring impacts to the Company once it is still non-operational.

Standard	IFRS 15/CPC 47 - Revenue from Contracts with Customers
Description/ Effectiveness	The standard introduces the principles to be applied by an entity to determine the measurement and recognition of revenue. This standard is based on the principle that revenue is recognized when the control of a good or service is transferred to a customer, so the control principle will replace the principle of risks and rewards. The effective date is January 1, 2018 and it replaces IAS 11/CPC 17 - "Construction Contracts", IAS 18/CPC 30 - "Revenue" and the related interpretations.
Impacts on adoption	Management assessed the changes introduced by the standard and concluded that its adoption will not bring impacts to the Company once it is still non-operational.

Standard	IFRS 16 - Leases
Description/ Effectiveness	The new standard requires lessees to recognize the liability for future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short term and low-value contracts may be outside of the scope of this new standard. The criteria for recognition and measurement of leases in the lessors' financial statements are substantially maintained. IFRS 16 is effective for years beginning on or after January 1, 2019 and it replaces IAS 17/CPC 06 - "Leases" and corresponding interpretations.
Impacts on adoption	Management assessed the changes introduced by the standard and concluded that its adoption will not bring impacts to the Company once it is still non-operational.

Standard	IAS 12 / IFRIC 23 - Income Taxes
Description/ Effectiveness	IFRIC 23 Uncertainty over Income Tax Treatments seeks to clarify the recognition of tax positions that have not yet been accepted by the tax authorities. This standard is effective for years beginning on or after January 1, 2019. Early adoption is permitted by the international standard.
Impacts on adoption	Management assessed the changes introduced by the standard and concluded that its adoption will not bring impacts to the Company once it is still non-operational

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements

2.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks.

3 Equity

(a) Share capital

The share capital, subscribed and paid up on April 24, 2014, in the amount of R$ 1.000, is represented by 1.000 quotas with par value of R$ 1.00 each.