Novelis MEA Ltd.

Directors' report and financial statements for the year ended 31 March 2018

Novelis MEA Ltd.

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Novelis MEA Ltd.

Directors' report

The directors submit their report together with the audited financial statements of Novelis MEA Ltd. (the "Company") for the year ended 31 March 2018.

Incorporation and registered office

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

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

Principal activities

The principal activity of the Company is to import and export aluminium.

Results

The results of the Company for the year ended 31 March 2018 are set out on page 6 of the financial statements.

Auditors

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

On behalf of the Board of Directors

.....
Director

7 May 2018

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Novelis MEA Ltd. (the "Company") as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other information

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

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

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

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

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the Companies Law - DIFC Law No. 2 of 2009, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

Further, we report that the Company's financial statements have been properly prepared in accordance with the applicable provisions of the Companies Law - DIFC Law No. 2 of 2009, as amended.

PricewaterhouseCoopers
7 May 2018

Mohamed ElBorno
Registered Auditor No. 946
Dubai, United Arab Emirates

Novelis MEA Ltd.

Statement of financial position

	Note	As at 31 March 2018 USD	2017 USD
ASSETS			
Non-current asset			
Property and equipment	5	**2,959**	-
Current assets			
Trade and other receivables	6	**94,512,055**	66,237,415
Advances to suppliers	7	**129,886**	-
Due from related parties	14	**3,875,461**	48,149,503
Cash and cash equivalents	8	**25,191,743**	9,614,322
		123,709,145	124,001,240
Total assets		**123,712,104**	124,001,240
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	**50,000**	50,000
Contributed capital	9	**862,286**	862,286
Retained earnings		**61,365,190**	40,658,185
Total equity		**62,277,476**	41,570,471
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	15	**81,629**	62,644
Current liabilities			
Trade and other payables	10	**5,353,912**	7,002,121
Advances from customers	11	**172,343**	15,019
Due to related parties	14	**55,826,744**	75,350,985
		61,352,999	82,368,125
Total liabilities		**61,434,628**	82,430,769
Total equity and liabilities		**123,712,104**	124,001,240

These financial statements were approved by the Board of Directors on 7 May 2018 and signed on its behalf by:

.....

Director

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

Novelis MEA Ltd.

Statement of comprehensive income

	Note	Year ended 31 March 2018 USD	2017 USD
Revenue	16	**361,479,600**	296,959,773
Cost of sales	17	**(336,772,503)**	(271,140,829))
Gross profit		**24,707,097**	25,818,944
Administrative expenses	18	**(4,171,330)**	(5,635,930)
Derivative financial instruments: losses - net		**-**	(29,162)
Other income		**203,912**	474,933
Operating profit		**20,739,679**	20,628,785
Finance income	19	**148,751**	1,609,958
Finance costs	20	**(181,425)**	(390,452)
Finance income - net		**(32,674)**	1,219,506
Profit for the year		**20,707,005**	21,848,291
Other comprehensive income		**-**	-
Total comprehensive income for the year		**20,707,005**	21,848,291

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

Novelis MEA Ltd.

Statement of changes in equity

	Share capital	Contributed capital	Retained earnings	Total
	USD	USD	USD	USD
As at 1 April 2016	50,000	862,286	18,809,894	19,722,180
Comprehensive income				
Profit and total comprehensive income for the year	-	-	21,848,291	21,848,291
As at 31 March 2017/ 1 April 2017	50,000	862,286	40,658,185	41,570,471
Comprehensive income				
Profit and total comprehensive income for the year	-	-	**20,707,005**	**20,707,005**
As at 31 March 2018	**50,000**	**862,286**	**61,365,190**	**62,277,476**

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

Novelis MEA Ltd.

Statement of cash flows

	Note	Year ended 31 March 2018 USD	2017 USD
Cash flows from operating activities			
Profit for the year		**20,707,005**	21,848,291
Adjustments for:			
Depreciation	5	**249**	65
Provision for employees' end of service benefits	15	**21,369**	14,682
Fair value losses on derivative financial instruments		**-**	29,162
Interest income	19	**(148,751)**	(1,609,958)
Interest and other financing expenses	20	**181,425**	390,452
Operating cash flows before payment of employees' end of service benefits and changes in working capital		**20,761,297**	20,672,694
Payment of employees' end of service benefits		**(2,384)**	(38,032)
Operating cash flows before changes in working capital		**20,758,913**	20,634,662
Changes in working capital:			
Trade and other receivables		**(28,274,640)**	26,100,726
Advances to suppliers		**(129,886)**	44,687
Trade and other payables		**(1,640,584)**	(1,378,380)
Advances from customers		**157,324**	4,125
Due from related parties		**44,260,172**	(5,227,980)
Due to related parties		**(19,524,241)**	(26,897,410)
Interest received		**110,648**	1,742,500
Net cash generated from operating activities		**15,717,706**	15,022,930
Cash flows from financing activities			
Proceeds from borrowings	13	**-**	86,000,000
Repayment of borrowings	13	**-**	(98,000,000)
Interest paid		**-**	(84,936)
Financing expenses paid		**(140,285)**	(181,337)
Net cash used in financing activities		**(140,285)**	(12,266,273)
Net increase in cash and cash equivalents		**15,577,421**	2,756,657
Cash and cash equivalents at beginning of the year		**9,614,322**	6,857,665
Cash and cash equivalents at end of the year	8	**25,191,743**	9,614,322

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

Notes to the financial statements for the year ended 31 March 2018

1 Legal status and activities

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

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, except as disclosed in the accounting policies below.

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

(a) New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 April 2017:

- Disclosure initiative – amendments to IAS 7.

The adoption of these amendments did not have a material impacton the current period or any prior period and is not likely to affect the future periods.

There are no other IFRS or IFRS IC interpretations that are effective for the first time for the financial year beginning on 1 April 2017 that would be expected to have a material impact on the Company.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9, 'Financial instruments' (effective from 1 January 2018);

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments (IFRS 9), which reflects all phases of the financial instruments project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The requirements of IFRS 9 will be adopted from 1 January 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. For trade receivables, a simplified approach is permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Based on an analysis performed by the Company, the application of the simplified approach for impairment of trade receivables following adoption of IFRS 9 will not have a significant impact on provisions for doubtful debts in relation to trade receivables.

- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018); and

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the impact of applying the new standard on the Company's financial statements and the adoption of the new standard will not have a significant impact on the Company's financial statements.

- IFRS 16, 'Leases', (effective 1 January 2019).

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

There are no other IFRS or IFRS IC interpretations that are not yet effective and that would be expected to have a material impact on the company in the current or future reporting year and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

2.2 Foreign currency

The financial statements are presented in US Dollars ("USD") which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Transactions in a foreign currency are initially recorded in the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange as at the dates of the initial transactions.

2.3 Property and equipment

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

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

	Years
Leasehold improvements	3
Office equipment	3

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

2.4 Impairment of non-financial assets

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

2 Summary of significant accounting policies (continued)

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables', 'due from related parties' and 'cash and cash equivalents' in the balance sheet.

2.5.2 Recognition and measurement

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Such financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income.

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost less provision for impairment. The amortised cost is computed using the effective interest method.

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

2 Summary of significant accounting policies (continued)

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.8 Trade and other receivables

Trade and other receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2 Summary of significant accounting policies (continued)

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

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

2.12 End of service benefits

Provision is made, using actuarial techniques, for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision relating to employees' end of service benefits is disclosed as a non-current liability.

2.13 Provisions

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

2.14 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for selling goods in the normal course of the Company's activities. Revenue is recorded net of any taxes, trade discounts and financial discounts.

Revenue from the sale of goods is recognised when: i) the amount of revenue can be reliably measured; ii) it is probable that future economic benefits will flow to the Company; and iii) a significant proportion of the risks and rewards have been transferred to the buyer.

2.15 Leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2 Summary of significant accounting policies (continued)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2.17 Interest income

Interest income is recognised using the effective interest method.

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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

Foreign exchange risk

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

Fair value interest rate risk and cash flow interest rate risk

The Company is exposed to cash flow interest rate risk on its short-term bank borrowings which carry a variable interest rate (Note 13) and is exposed to fair value interest rate risk on the amount due from Novelis Corporation and Novelis Inc., which carries a fixed interest rate (Note 14).

At 31 March 2018 and 2017 the Company did not have short-term bank borrowings.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Market risk (continued)

Credit risk

Credit risk measurement

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

The maximum exposure to credit risk is the carrying amount of assets at the reporting date.

Liquidity risk

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

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

	Carrying amount USD	**Contractual cash flows** USD	**Less than 1 year** USD
31 March 2018			
Trade and other payables	**5,349,870**	**5,349,870**	**5,349,870**
Due to related parties	**55,826,744**	**55,826,744**	**55,826,744**
	61,176,614	**61,176,614**	**61,176,614**
31 March 2017			
Trade and other payables	6,998,579	6,998,579	6,998,579
Due to related parties	75,350,985	75,350,985	75,350,985
	82,349,564	82,349,564	82,349,564

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (borrowings less cash and cash equivalents) divided by total capital (total equity plus net debt).

The Company had no borrowings as at 31 March 2018 and 2017 and was, therefore, ungeared.

3.3 Fair value estimation

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

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

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

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

4 Financial instruments by category

	2018 USD	2017 USD
Assets as per statement of financial position		
Loans and receivables – at amortised cost		
Cash and cash equivalents	**25,191,743**	9,614,322
Trade and other receivables (excluding VAT refundable)	**94,508,802**	66,237,415
Due from related parties	**3,875,461**	48,149,503
	123,576,006	124,001,240
Liabilities as per statement of financial position		
Liabilities - at amortised cost		
Trade and other payables (excluding tax and social security)	**5,349,870**	6,998,579
Due to related parties	**55,826,744**	75,350,985
	61,176,614	82,349,564

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

	2018 USD	2017 USD
Cash at bank		
Externally rated financial assets (Moody's)		
A1	**403,685**	150,246
A2	**19,658,941**	9,352,478
Aa2	**5,128,981**	111,327
Aaa	**136**	271
	25,191,743	9,614,322
Without external rating		
Trade and other receivables (excluding VAT refundable)	**94,508,802**	66,237,415
Due from related parties	**3,875,461**	48,149,503
	98,384,263	114,386,918

5 Property and equipment

	Leasehold improvements USD	Office equipment USD	Other office equipment USD	Total USD
Cost				
Balance at 1 April 2016, 31 March 2017 and 1 April 2017	468,526	183,721	1,942	654,189
Additions during the year	-	3,208	-	3,208
Balance at 31 March 2018	468,526	186,929	1,942	657,397
Depreciation				
At 1 April 2016	468,479	183,703	1,942	654,124
Charge for the year (Note 18)	47	18	-	65
At 31 March 2017 and 1 April 2017	468,526	183,721	1,942	654,189
Charge for the year (Note 18)	-	249	-	249
At 31 March 2018	468,526	183,970	1,942	654,438
Net book amount				
At 31 March 2018	**-**	**2,959**	**-**	**2,959**
At 31 March 2017	-	-	-	-

6 Trade and other receivables

	2018 USD	2017 USD
Trade receivables	**94,232,445**	65,928,486
VAT refundable	**3,253**	-
Deposits	**46,620**	46,620
Other receivables	**229,737**	262,309
	94,512,055	66,237,415

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

6 Trade and other receivables (continued)

Trade receivables are normally due within 60 days from the date an invoice is raised. Trade receivables are considered past due based on their respective credit period. The ageing analysis of trade receivables is as follows:

	2018 USD	2017 USD
Less than 60 days (Not past due, fully performing)	**94,009,581**	62,578,406
More than 60 days (Past due but not impaired)	**222,864**	3,350,080
	94,232,445	65,928,486

As at 31 March 2018, trade receivables of USD 222,865 (2017: USD 3,350,080) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 USD	2017 USD
Up to 6 moths	**32,210**	-
6 to 12 month	**190,654**	3,350,080
	222,864	3,350,080

As at 31 March 2018, the Company had a concentration of credit risk with six (2017: six) of the largest customers accounting for 60% (31 March 2017: 69%) of the gross trade receivables. Management is confident that this concentration of credit risk will not result in a loss to the Company as the customers have an established track record of meeting their financial obligations to the Company.

7 Advances to suppliers

	2018 USD	2017 USD
Advances to suppliers	**129,886**	-

8 Cash and cash equivalents

	2018 USD	2017 USD
Cash at bank	**25,191,743**	9,614,322

8 Cash and cash equivalents (continued)

Balances are held with a local branch of an international bank and with other international banks.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

The carrying value of cash and cash equivalents approximates their fair value.

9 Share capital

	2018 USD	2017 USD
Authorised, issued and fully paid-up capital		
50 shares (2017: 50 shares) of USD 1,000 each	**50,000**	50,000
Contributed capital	**862,286**	862,286
	912,286	912,286

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

10 Trade and other payables

	2018 USD	2017 USD
Trade payables	**3,655,059**	3,455,976
Other payables	**114,224**	44,527
Accruals	**1,580,587**	3,498,076
Tax and social security (Note 12)	**4,042**	3,542
	5,353,912	7,002,121

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

11 Advance from customers

	2018 USD	2017 USD
Advances from customers	**172,343**	15,019

12 Tax and social security

	2018 USD	2017 USD
Withholding tax payable	1,957	1,728
Contributions for social security payable	2,085	1,814
	4,042	3,542

13 Borrowings

	2018 USD	2017 USD
At 1 April	-	12,000,000
Proceeds from borrowings	-	86,000,000
Repayment of borrowings	-	(98,000,000)
At 31 March	-	-

During the year end 31 March 2017, the company obtained loans from two banks, with an average interest rate of 2.03% and 2.45% per annum, respectively. All loans, including the loan obtained in 2016, were repaid in 2017.

14 Related party transactions and balances

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

Transactions with related parties

	2018 USD	2017 USD
Product sales	11,991,674	11,756,792
Product purchases	325,057,875	259,694,858
Interest income	99,167	1,606,756
Other income	197,451	402,236
Professional charges	2,089,616	2,718,588
Others	29,750	776,967

14 Related party transactions and balances (continued)

Related party balances

	2018 USD	2017 USD
Due from related parties		
Immediate parent company	**790,600**	15,055,355
Companies under the common control of the ultimate parent company		
Novelis Korea	**3,022,639**	3,021,300
Novelis Brasil Ltda (Pindamonhangaba)	**130**	130
Novelis Corporation	**62,092**	30,072,718
	3,875,461	48,149,503
Due to related parties		
Immediate parent company	**11,418**	62,095
Companies under the common control of the ultimate parent Company		
Novelis Deutschland GmbH	**8,652,887**	5,321,678
Novelis Korea	**36,118,402**	52,326,650
Novelis Brasil Ltda (Pindamonhangaba)	**10,940,245**	16,997,471
Novelis AG	**-**	18,233
Novelis Corporation	**103,792**	624,858
	55,826,744	75,350,985

Amounts due to and due from related parties are unsecured and repayable on demand. Amounts due from related parties do not contain any impaired assets.

The amounts due from Novelis Corporation and Novelis Inc. carry an interest rate of 4.25% per annum as at 31 March 2018 (2017: 4.25%). All other amounts due to and due from related parties are interest free.

14 Related party transactions and balances (continued)

Compensation of key management personnel including directors was as follows:

	For the year ended 31 March 2018 USD	For the year ended 31 March 2017 USD
Salaries	**73,930**	101,291
Provision for employees' end of service benefits	**3,452**	5,196
Allowances and other benefits	**7,242**	42,405
	84,624	148,892

15 Provision for employees' end of service benefits

	2018 USD	2017 USD
At 1 April	**62,644**	85,994
Charge for the year (Note 21)	**21,369**	14,682
Payments during the year	**(2,384)**	(38,032)
At 31 March	**81,629**	62,644

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 March 2018, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion cost of 5% (2017: 3%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.16% (2017: 4.16%) per annum. The present values of the obligations at 31 March 2018 was not materially different from the provision computed in accordance with the UAE Labour Law.

16 Revenue

	For the year ended 31 March 2018 USD	For the year ended 31 March 2017 USD
Product sales	**361,479,600**	296,959,773

17 Cost of sales

	For the year ended 31 March 2018 USD	For the year ended 31 March 2017 USD
Product purchases	**336,772,503**	271,140,829

18 Administrative expenses

Professional charges	**2,417,005**	3,171,898
Staff costs (Note 21)	**629,655**	650,325
Travel and accommodation	**219,969**	288,170
Rent and leases	**226,385**	229,809
Depreciation (Note 5)	**249**	65
Others	**678,067**	1,295,663
	4,171,330	5,635,930

19 Finance income

Interest income	**148,751**	1,609,958

20 Finance costs

Interest on borrowings	**-**	95,970
Financing expenses	**181,425**	294,482
	181,425	390,452

21 Staff costs

Salaries	**323,560**	421,264
Provision for employees' end of service benefits (Note 15)	**21,369**	14,682
Allowances and other benefits	**284,726**	214,379
	629,655	650,325

22 Operating lease commitments

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

	2018 USD	2017 USD
Within one year	**116,086**	196,080
Between two and three years	**207,754**	-
	323,840	196,080