NOVELIS SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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Novelis Services Limited

Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
United Kingdom
WA4 1NN

Telephone: +44 (0)1925 784 137
Facsimile: +44 (0)1925 784 102

Registered in England Number 6628654

Strategic Report

Strategic report for the year ended 31 March 2018

The directors present their strategic report on the Company for the year ended 31 March 2018.

Activity, review of the business and future development

The principal activities are to hold the license to the Novelis Brand and to charge associated branding, technology and service fees to group companies.

The Company continued to trade profitably during the year and as a result of this the Shareholders' Funds increased by the year end. This can be seen on the statement of financial position on page 7 of these financial statements.

Financial risk management / principal risks and uncertainties

The Company's operations expose it periodically to financial risks associated with the effects of changes in foreign currency exchange rates.

Risk Management Policies are set by the Novelis Group, and are adopted in full by the Company. Specifically Novelis has policies and procedures manuals that set out specific guidelines to manage foreign currency risk and circumstances where it would be appropriate to use financial instruments to manage this.

The Company is occasionally exposed to currency risk on foreign currency receipts and payments. In-line with Novelis Group policy all foreign currency commitments are covered by forward currency contracts, at the time they arise, so as to fix the functional currency value of the Company's future cash flows.

Key Performance Indicators

The directors consider the Company's key performance indicators to be financial, specifically turnover and operating profit. These are disclosed in the financial statements.

In the view of the directors, there are no non-financial KPIs which are relevant to this company.

On behalf of the Board

F Lucido
Director

8 May 2018

Directors' Report

The directors present their report together with the audited financial statements of the Company for the year ended 31 March 2018.

1. Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:
F. Lucido
C. Courts
J. Quick (resigned 16 June 2017)
S. Clarke (appointed 16 June 2017)

There are no disclosable directors' interests in the Company's shares. No director during or at the end of the year had any material interest in any significant contract with the Company.

2. Future development of the Company

The directors expect the Company to continue in its current role in the future.

3. Results and dividends

The result for the year is set out on page 6. No ordinary dividends were paid during the year (2017: NIL).

The Directors do not propose the payment of a final dividend.

4. Subsequent events

There have been no subsequent events.

5. Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Provision of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

7. Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office. Resolutions concerning their re-appointment and the authorisation of the directors to determine their remuneration will be submitted to the forthcoming Annual General Meeting of the Company.

On behalf of the Board

F Lucido
Director

8 May 2018

Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
WA4 1NN

Independent auditors' report to the members of Novelis Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Novelis Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of Novelis Services Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

11 May 2018

Novelis Services Limited

Statement of comprehensive income for the year ended 31 March 2018

Registered in England
Number 6628654

	Note	2018 US$'000	2017 US$'000
Revenue	4	**104,531**	86,025
Cost of sales		**(46,125)**	(41,299)
Gross profit		**58,406**	44,726
Administrative Expenses		**(2,277)**	(95)
Interest receivable and similar income	7	**8,985**	6,872
Profit before taxation	5	**65,114**	51,503
Tax on profit	8	**(14,841)**	(9,437)
Profit for the financial year	13	**50,273**	42,066
Total comprehensive income for the year		**50,273**	42,066

The notes on pages 9 to 13 form part of these financial statements.

Novelis Services Limited

Statement of financial position as at 31 March 2018

	Note	2018 US$'000	2017 US$'000
Fixed assets			
Intangible assets	9	155,775	165,825
		155,775	165,825
Current assets:			
Debtors (including $213,000,000 (2017: $177,000,000) due after one year)	10	256,748	207,988
Cash at bank and in hand		14,910	332
		271,658	208,320
Creditors: amounts falling due within one year	11	(5,796)	(2,781)
Net current assets		265,862	205,539
Total assets less current liabilities		421,637	371,364
Net assets		421,637	371,364
Equity			
Called up share capital	12	201,010	201,010
Profit and loss account	13	220,627	170,354
Total shareholders' funds	14	421,637	371,364

The financial statements on pages 6 to 13 were authorised by issue of the board of directors on 8 May 2018 and were signed on its behalf by:

F Lucido
Director

The notes on pages 9 to 13 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2018

	Called up share capital US$000	Profit and loss account US$000	Total shareholders' funds US$000
Balance as at 1 April 2016	201,010	128,288	329,298
Profit for the financial year and total comprehensive income	-	42,066	42,066
Balance as at 31 March 2017	**201,010**	**170,354**	**371,364**
Balance as at 1 April 2017	201,010	170,354	371,364
Profit for the financial year and total comprehensive income	-	50,273	50,273
Balance as at 31 March 2018	**201,010**	**220,627**	**421,637**

Notes to the financial statements

1. General information and statement of accounting policies

Novelis Services Limited ('the company') holds the license to the Novelis Brand and charges associated branding, technology and service fees to group companies.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Latchford Lock Works, Warrington.

A. Summary of significant accounting policies

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

B. Basis of preparation

The financial statements have been prepared on the going concern basis, in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102") and the Companies Act 2006.

The preparation of financial statements in conformity with FRS102 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. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

C. Exemptions

The Company's results are consolidated in the consolidated financial statements of Novelis Inc. that are publicly available. Consequently the Company has taken advantage of the exemptions granted by FRS 102 and has not provided a cash flow statement.

Under FRS 102, the Company is exempt from the requirement to disclose related party transactions with Novelis Inc. and its subsidiaries on the grounds that it is a wholly owned subsidiary undertaking.

D. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

E. Revenue

Revenue represents the amount invoiced in the ordinary course of business for services provided.

1. General information and statement of accounting policies (continued)

F. Intangible assets

Intangible assets are recorded at cost.

Amortisation of intangible assets is calculated on original cost at rates estimated to write off the assets over their useful lives by equal instalments. The annual rates in use are:

Trademark Brand	5%

If business conditions or changes in circumstances indicate asset values may be impaired an estimate is made of the discounted future cashflow arising from an asset or group of assets and impairment charges made when this estimated cashflow is less than the recorded value of the asset.

G. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date or the forward rate where forward exchange contracts have been entered into. Gains or losses on translation are included in the profit and loss account.

2. Statement of compliance

The individual financial statements of Novelis Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Intangibles valuations

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets and also the impact of any change in contractual agreements with customers. The useful economic life and carrying values are re-assessed and amended when necessary to reflect current estimates.

4. Revenue

An analysis of revenue by geographical market is as follows:

	2018 US$'000	2017 US$'000
United Kingdom	2	1
Rest of Europe	10,239	8,682
Americas	87,941	72,412
Asia	5,269	4,117
Middle East	1,080	813
	104,531	86,025

An analysis of revenue by category is as follows:

	2018 US$'000	2017 US$'000
Branding fees	28,676	22,899
Royalties	75,855	63,126
	104,531	86,025

5. Profit before taxation

	2018 US$'000	2017 US$'000
Profit before taxation is stated after charging		
Auditors' remuneration:		
- for audit services	25	29
Amortisation of tradename license (note 9)	10,050	10,050

6. Staff costs and directors' emoluments

The Company does not employ any staff. During the year no director received any emoluments for qualifying services to the Company. No pension contributions were made on behalf of any director nor at the year end was any director accruing retirement benefits in relation to qualifying services.

7. Interest receivable and similar income

	2018 US$'000	2017 US$'000
Interest receivable on intercompany loans	8,985	6,872

8. Tax on profit

	2018 US$'000	2017 US$'000
Current tax:		
UK corporation tax on profits for the year	10,523	7,827
Double tax relief	(7,721)	(6,875)
Overseas tax incurred	12,039	8,485
Total current tax	14,841	9,437
Deferred tax charge	-	-
Total tax charge on profit on ordinary activities	14,841	9,437

UK corporation tax has been provided where applicable at a rate of 19% (2017: 20%).

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 US$'000	2017 US$'000
Profit before taxation	65,114	51,503
Profit before taxation multiplied by standard rate in the UK of 19% (2017: 20%)	12,372	10,301
Effect of:		
Overseas tax suffered	12,039	8,485
UK deduction for overseas tax suffered	(7,721)	(6,875)
Group relief received for no charge	(1,849)	(2,474)
Total tax charge	14,841	9,437

There are no significant current factors that will affect future tax charges.

9. Intangible assets

	Trademark License US $'000	Trademark US$'000	Total US$'000
Cost:			
At beginning of the year	100,000	201,000	301,000
Expiration of license	(100,000)	-	(100,000)
At end of the year	-	201,000	201,000
Accumulated amortisation:			
At beginning of the year	100,000	35,175	135,175
Charge for the year	-	10,050	10,050
Expiration of license	(100,000)	-	(100,000)
At end of the year	-	45,225	45,225
Net book amount at 31 March 2018	-	**155,775**	**155,775**
Net book amount at 31 March 2017	-	165,825	165,825

10. Debtors

	2018 US$'000	2017 US$'000
Amounts owed by group undertakings	**233,380**	193,605
Other debtors	**23,368**	14,383
Corporation tax	**-**	-
	256,748	207,988

Amounts owed by group undertakings includes $212,644,000 (2017: $176,644,000) falling due after more than one year.

The loan of $212,644,000, bears interest at a rate of 4.5%, is due to be repaid to the Company by 2 June 2022. The amounts owed by group undertakings are unsecured.

11. Creditors: amounts falling due within one year

	2018 US$'000	2017 US$'000
Amounts owed to group undertakings	**4,098**	2,562
Corporation tax	**1,681**	202
Accruals and deferred income	**17**	17
	5,796	2,781

The amounts owed to group undertakings are unsecured, bear interest at a rate of 0%, and are repayable on demand.

12. Called up share capital

	2018 US$'000	2017 US$'000
Allotted, called up and fully paid: 201,010,000 ordinary shares of $1 each (2017: 201,010,000)	**201,010**	201,010

13. Profit and loss account

	US$'000
At 1 April 2017	170,354
Profit for the financial year	50,273
At 31 March 2018	**220,627**

14. Reconciliation of movement in shareholder's funds

	2018 US$'000	2017 US$'000
Profit for the financial year and net increase of shareholders' funds	**50,273**	42,066
Opening shareholders' funds	**371,364**	329,298
Closing shareholders' funds	**421,637**	371,364

15. Contingent liabilities

As of March 31, 2018, the senior secured credit facilities consisted of (i) a $1.8 billion five-year secured term loan credit facility (Term Loan Facility) and (ii) a $1.0 billion five-year asset based loan facility (ABL Revolver). As of March 31, 2018, $18 million of the Term Loan Facility is due within one year. All the assets of the Company, along with those of certain other companies in the Novelis Inc. group, have been pledged as security for these facilities. As of March 31, 2018, there was $12M outstanding on the ABL facility. (2017: $184m).

16. Ultimate parent company

In the opinion of the directors, the ultimate parent company and controlling party at the balance sheet date was Hindalco Industries Ltd, a company incorporated in India. Hindalco Industries Ltd was also the parent company of the largest group in which Novelis Services Limited is included. Novelis Inc is the parent company of the smallest group in which the consolidated results of Novelis Services Limited is included. Copies of this company's financial statements can be obtained from its head office at Century Bhavan, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai 400 030.

The Company's immediate parent company is Novelis UK Ltd, a company incorporated in England and Wales.