NOVELIS UK LTD

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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Novelis UK Ltd

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Cheshire
WA4 1NN

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Registered in England Number 279596

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 activity of the Company is the processing and sale of aluminium products. It operates an aluminium recycling plant.

The recycling operation continued to perform at full capacity for the year. The underlying London Metal Exchange (LME), and European Premiums (ECDP), increased in their quoted US Dollar values in the year, however, the increasing strength of the pound meant that, in local currency, the LME and ECDP were relatively flat over the period.

Whilst the Company continued to trade profitably during the year, the actuarial loss on the pension scheme resulted in a small decrease to Shareholders' Funds by the year end. This can be seen on the statement of financial position on page 8 of these financial statements.

Principal Business Risks, Financial Risks and Uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, metal prices, credit risk, liquidity risk and interest rate risk.

Risk Management Policies are set within the Novelis Group at a Global level and are adopted in full by the Company. Specifically Novelis has policies and procedures manuals that set out specific guidelines to manage foreign currency, metal price and credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Foreign currency risk - The Company is exposed to currency risk on foreign purchases and sales. In-line with Novelis Group policy the Company's net foreign currency exposure is covered by forward currency contracts, so as to fix the sterling value of the company's forecast cash flows.

Metal price risk - The Company is exposed to metal price risk from changes in the traded London Metal Exchange (LME) price for Aluminium. In-line with Novelis Group policy this exposure is minimised by hedging sales commitments due for delivery in greater than three months, by the use of conversion only sales contracts and by the use of floating price sales contracts where metal prices for purchase and sale are synchronised.

Credit risk - The Company has implemented the Novelis Credit Management Policy that requires appropriate credit checks on potential customers to be performed before sales orders are taken, and also requires the ongoing monitoring of customers credit agency ratings and credit limits. The Group also utilises credit insurance for the majority of its third party business.

Liquidity risk - The Company has access to short term funding through the Novelis Group Revolving Credit Facility as well as Inter-Company lending through the Novelis Europe Cash Pool.

Interest rate risk - The Company's debt is in the form of short-term inter-company debt being LIBOR based. Management of interest rate risk is performed at a Novelis Inc. Group level.

Key Performance Indicators

The Directors consider the Company's key performance indicators to be financial measures included in these financial statements and its environmental, health and safety (EHS) performance. Novelis Inc. mandates very high EHS standards at its operations throughout the world including year on year improvements in safety at work performance.

The recycling operation delivered 227,495 tonnes (2017: 216,922 tonnes) to other plants within the Novelis network during the year.

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 Novelis UK Ltd (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	
J. Quick	(resigned 16 June 2017)
S. Clarke	
S. Hedar	(appointed 16 June 2017)
D. Haydon	(appointed 1 December 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 plant continues to generate a profit and the directors expect to continue to operate in its current role in the future.

3. Principal activity, review of the business and future developments

These details are now contained within the strategic report.

4. Results and dividends

The profit for the financial year is set out on page 7. The directors do not propose the payment of a dividend (2017: £nil).

5. Subsequent events

There are no subsequent events.

6. Research and development

The Company's research and development is directed towards aluminium products.

7. Financial risk management / principal risks and uncertainties

These details are now contained within the strategic report.

8. Employee involvement

During the year the Company has continued its policy of providing employees systematically with information on matters of concern to them.

Employees or their representatives are consulted on a regular basis, so that their views can be taken into account in making decisions that are likely to affect their interests. It is also Company policy to make employees aware of the financial and economic factors affecting its performance.

The Company continues its policy to give full and fair consideration to applications for employment made by disabled persons, together with the policy of fulfilling its obligations towards employees who are disabled during the year of their employment by the Company.

9. 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.

Directors' report (continued)

10. 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.

11. 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
WA4 1NN

Independent auditors' report to the members of Novelis UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Novelis UK 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 income statement, 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 UK 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

Income statement for the year ended 31 March 2018

Registered in England Number 279596

	Note	2018 £'000	2017 £'000
Revenue	4	**458,848**	388,093
Cost of sales		**(442,494)**	(364,317)
Gross profit		**16,354**	23,776
Distribution costs		**(10,501)**	(10,716)
Administrative expense		**(9,656)**	(2,625)
Other operating income		**7,500**	3,726
Finance costs	8	**(426)**	(386)
Finance expenses	20	**(309)**	(379)
Profit before taxation	5	**2,962**	13,396
Tax on profit	9	**(538)**	(3,356)
Profit for the financial year	18	**2,424**	10,040

Statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Profit for the financial year	18	**2,424**	10,040
Other comprehensive income/ (expense)			
Actuarial loss recognised in the pension scheme	20	**(3,392)**	(3,119)
Movement on deferred tax relating to pension deficit	18	**576**	530
Other comprehensive expense for the year		**(2,816)**	(2,589)
Total comprehensive (expense)/ income for the year		**(392)**	7,451

A statement of movements on the profit and loss account is given in note 18.

Profit for the financial year is derived from continuing operations.

The notes on pages 10 to 25 form part of these financial statements.

Novelis UK Ltd

Statement of financial position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	10	-	-
Property, plant and equipment	11	25,271	25,348
Investments	12	124,188	124,188
		149,459	149,536
Current assets			
Inventories	13	26,842	24,516
Trade receivables: amounts falling due within one year	14	143,526	139,281
Trade receivables: amounts falling due after more than one year	14	11,602	10,607
Cash at bank and in hand		1,000	1,000
		182,970	175,404
Creditors: amounts falling due within one year	15	(98,788)	(92,732)
Net current assets		84,182	82,672
Total assets less current liabilities		233,641	232,208
Provisions for liabilities and charges	16	(99)	(103)
Pension and similar obligations	20	(14,087)	(12,258)
Net assets		219,455	219,847
Equity			
Called up share capital	17	146,089	146,089
Capital Contribution reserve in respect of share capital of subsidiary		7	7
Profit and loss account	18	73,359	73,751
Total equity		219,455	219,847

The financial statements on pages 7 to 25 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 10 to 25 form part of these financial statements.

Novelis UK Ltd

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

	Called up share capital £000	Capital contribution reserve in respect of share capital of subsidiary £000	Profit and loss account £000	Total £000
Balance as at 1 April 2016	146,089	7	66,300	212,396
Profit for the financial year	-	-	10,040	10,040
Other comprehensive expense for the year	-	-	(2,589)	(2,589)
Total comprehensive income for the year	-	-	7,451	7,451
Balance as at 31 March 2017	**146,089**	**7**	**73,751**	**219,847**
Balance as at 1 April 2017	146,089	7	73,751	219,847
Profit for the financial year	-	-	2,424	2,424
Other comprehensive expense for the year	-	-	(2,816)	(2,816)
Total comprehensive income for the year	-	-	(392)	(392)
Balance as at 31 March 2018	**146,089**	**7**	**73,359**	**219,455**

Notes to the financial statements

1. General information and Summary of Significant Accounting Policies

Novelis UK Ltd ('the company') processes and sells aluminium products. It operates an aluminium recycling plant. The company has a processing plant in the UK and sells primarily to the rest of Europe.

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. Accounting convention

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. Acquisitions and goodwill

The results of any undertakings acquired are dealt with from the effective date of acquisition using acquisition accounting. The assets and liabilities acquired are incorporated into the accounts at their fair values. Any difference between the acquisition cost and the fair values of the net assets acquired is carried on the balance sheet as goodwill or negative goodwill and amortised over its expected useful economic life (subject to a maximum of 10 years).

E. Consolidation

The results of the Company are consolidated in the consolidated accounts of Novelis Inc. These accounts have been prepared in a manner consistent with consolidated accounts prepared under the European Commission's 7th Company Law Directive and so the Company has taken advantage of the exemption allowed under section 401(2)(d) of the Companies Act 2006 and has not prepared group accounts.

F. Revenue

Revenue represents the amount invoiced in the ordinary course of business for goods sold and services provided after deducting returns and value added tax.

G. Depreciation

Depreciation of tangible 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:

Land	Nil
Buildings	3.33%
Plant equipment and machinery	4% to 20%

Assets are not depreciated until they are brought into operational use. If business conditions or changes in circumstances indicate asset values may be impaired an estimate is made of the discounted future cash flow arising from an asset or group of assets and impairment charges made when this estimated cash flow is less than the recorded value of the asset.

1. General information and Summary of Significant Accounting Policies (continued)

H. Leases

Payments under operating lease agreements are charged to the profit and loss account on a straight-line basis over the life of the lease.

Rental income is credited to the profit and loss account on a straight-line basis over the life of the lease.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

I. Inventory

Inventory of raw materials, work in progress and finished goods are stated at the lower of cost and estimated selling price less cost to complete and sell. The cost of manufactured goods and work in progress is taken as production cost which includes an appropriate proportion of production overheads.

J. Research and development costs

Expenditure on research is written off in the year/period in which it is incurred.

K. 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.

L. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet. Gains or losses on translation are included in the profit and loss account.

M. Pensions

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Notes to the financial statements (continued)

1. General information and Summary of Significant Accounting Policies (continued)

M. Pensions (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

A plan surplus is recognised only where the entity is able to recover the surplus through reduced contributions in the future or through refunds from the plan.

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

N. Provisions

Where a present obligation is deemed to exist, as a result of a past event, and a reliable estimate of the liability can be made a provision is made to reflect the probable cost in the profit and loss account immediately.

O. Investments

Investments are recorded at cost. If business conditions or changes in circumstances indicate that asset values may be impaired, an impairment review is undertaken and impairment charges are recorded if the carrying value of the investment exceeds the higher of its realisable value and its value in use.

P. Financial Instruments

As a qualifying entity under FRS102, Novelis UK Ltd has taken advantage of the exemption from presenting financial instrument disclosure as these disclosures are contained within the consolidated financial statements of Novelis Inc.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Q. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at transaction price and subsequently measured at amortised costs using the effective interest method.

2. Statement of compliance

The individual financial statements of Novelis UK Ltd 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.

Pensions

The company's most significant accounting estimates arise in calculating the defined benefit obligation. The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. A 0.5% increase in the discount rate would reduce the pension liability by approximately £20m.

The Company uses a specialist third party to advise on the appropriate assumptions to use. The main assumptions are outlined in more detail in note 20.

4. Revenue

An analysis of revenue by geographical market is as follows:

	2018 £'000	2017 £'000
United Kingdom	59,557	60,587
Rest of Europe	395,397	327,506
Americas	3,894	-
	458,848	388,093

The revenue of the business is from the sale of goods.

5. Profit before taxation

	2018 £'000	2017 £'000
Profit before taxation is stated after charging / (crediting):		
Auditors' remuneration:		
- for audit services	56	69
Operating lease charges	800	603
Depreciation of tangible fixed assets (note 11)	2,573	2,370
Foreign exchange losses	(2,905)	(5,704)
Research and development expenditure	575	636

During the year ended 31 March 2018 the audit fees payable by the Novelis UK Pension Plan to PricewaterhouseCoopers LLP totalled £18,800 (2017: £18,700).

6. Staff costs and numbers

The aggregate remuneration and associated costs of persons employed was:

	2018 £'000	2017 £'000
Wages and salaries	8,238	8,006
Social security costs	898	875
Other pension costs – defined benefit scheme (note 20)	1,106	1,218
– defined contribution scheme (note 20)	247	219
Total staff costs	10,489	10,318

	2018 Number	2017 Number
Average monthly number employed:		
Manufacturing	153	149
Administration	63	58
	216	207

7. Directors' emoluments

	2018 £'000	2017 £'000
Aggregate directors' emoluments	175	-
	175	-

At the year end no director was accruing retirement benefits in relation to qualifying services (2017: none).

8. Finance costs

Interest: interest payable and similar charges

	2018 £'000	2017 £'000
On bank loans and overdrafts	-	-
On loans from group undertakings	426	386
Total interest payable and similar charges	426	386

9. Tax on profit

	2018 £'000	2017 £'000
Current tax:		
Current tax charge	-	-
Total current tax charge	-	-
Deferred tax (note 16)		
Origination and reversal of timing differences	272	3,010
Movement on deferred taxation relating to the Pension Scheme	266	346
Tax charge on profit on ordinary activities	538	3,356

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

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

	2018 £'000	2017 £'000
Profit before taxation	2,962	13,396
Profit before taxation multiplied by standard rate in the UK of 19% (2017: 20%)	563	2,679
Effects of:		
Permanent differences	2	2
Non-taxable credits	-	-
Timing differences	(27)	675
Group relief surrendered for no charge	-	-
Total tax expense	538	3,356

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

10. Intangible assets

	Negative goodwill £'000	Total £'000
Cost:		
At beginning and end of the year	(7,148)	(7,148)
Accumulated Amortisation:		
At beginning and end of the year	7,148	7,148
Net book amount at 31 March 2018	-	-
Net book amount at 31 March 2017	-	-

11. Property, plant and equipment

	Freehold land and buildings £'000	Plant equipment & machinery £'000	Total £'000
Cost:			
At beginning of the year	5,627	40,579	46,206
Additions	-	2,496	2,496
Disposals	-	-	-
At end of the year	5,627	43,075	48,702
Accumulated Depreciation:			
At beginning of the year	3,400	17,458	20,858
Charge for the year	230	2,343	2,573
Disposals	-	-	-
At end of the year	3,630	19,801	23,431
Net book value at 31 March 2018	**1,997**	**23,274**	**25,271**
Net book value at 31 March 2017	2,227	23,121	25,348

Assets with a net book value of £nil (2017: £nil) are held under finance leases and depreciation of £nil (2017: £nil) was charged on them in the year.

At 31 March 2018 the cost of assets in the course of construction included above amounted to £2,414,000 (2017: £2,023,000). The non-depreciable element of freehold land and buildings is £483,000 (2017: £483,000).

Future capital expenditure not provided in the financial statements is as follows:

	2018 £'000	2017 £'000
Authorised by the directors and contracts placed	997	215
	997	215

12. Investments

	£'000
Cost	
At 1 April 2017	124,188
Additions	-
At 31 March 2018	124,188
Net book value	
At 31 March 2018	**124,188**
At 31 March 2017	124,188

The Company's fixed asset investment value represents the purchase cost of its wholly owned subsidiary. The Company is exempt from preparing group accounts because the results of both it and its subsidiary are included in the consolidated accounts of its immediate parent Novelis Inc. The table below shows the shareholders' funds reported by the subsidiary as at 31 March 2018 and their reported profit or loss for the year ended on that date. The numbers are prepared under UK GAAP as in the statutory accounts of the subsidiary.

	Total shareholders' funds $'000	Profit for the year $'000
Novelis Services Limited – 100% owned subsidiary	421,637	50,273

Novelis Services Limited is incorporated in the United Kingdom. The registered address of the company is Latchford Lock Works, Warrington, WA4 1NN.

13. Inventories

	2018	2017
	£'000	£'000
Raw materials and consumables	17,493	13,819
Work in progress	5,483	393
Finished goods and goods for resale	3,866	10,304
	26,842	24,516

There is no material difference between the balance sheet value and the replacement cost of inventories.

14. Trade receivables

Trade receivables: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade debtors	10,753	17,386
Amounts owed by group undertakings	120,910	108,049
VAT and other tax receivables	6,755	4,831
Other debtors	922	850
Deferred tax asset (note 16)	3,580	4,537
Prepayments and accrued income	606	3,628
	143,526	139,281

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

Trade receivables: amounts falling due after more than one year

	2018	2017
	£'000	£'000
Deferred tax asset (note 16)	11,585	10,590
Long term deposits	17	17
	11,602	10,607

15. Creditors

Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	46,963	49,034
Amounts owed to group undertakings	11,451	12,799
Finance loan	6,748	-
Derivative financial instruments	578	1,029
Taxation and social security	963	1,477
Accruals and deferred income	32,085	28,393
	98,788	92,732

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

16. Provisions for liabilities and charges

	Employee sickness & retirement £'000	Total £'000
At 31 March 2017	103	103
Profit and loss credit	(4)	(4)
At 31 March 2018	**99**	**99**

Maturity profile of provisions:

	2018 £'000	2017 £'000
Within one year	61	61
Between one and two years	4	4
Between two and five years	14	14
Over five years	20	24
	99	103

Deferred taxation in the financial statements is as follows:-

	2018 £'000	2017 £'000
Accelerated capital allowances	(4,868)	(4,479)
Deferred tax asset in respect of the pension scheme	(2,395)	(2,084)
Other timing differences	(27)	(69)
Corporation tax losses carried forward	(7,875)	(8,495)
Deferred tax asset	(15,165)	(15,127)

The deferred tax assets have been fully recognised as management believes that suitable taxable profits will be available against which they can be realised. The deferred tax assets have been calculated at a rate of 17% (2017: 17%).

Factors affecting current and future tax charges:-

The movement in the deferred tax asset is as follows:

	£'000
At 1 April 2017	(15,127)
Charged to income statement	538
Charged/(credited) to statement of comprehensive income	(576)
At 31 March 2018	(15,165)

17. Called up share capital

	2018	2017
	£'000	£'000
Issued and fully paid: 292,178,000 (2017: 292,178,000) ordinary shares of £0.50 each (2017: £0.50 each)	146,089	146,089

18. Profit and loss account

	2018	2017
	£'000	£'000
At beginning of the year	73,751	66,300
Profit for the financial year	2,424	10,040
Actuarial loss recognised in the pension scheme	(3,392)	(3,119)
Movement on deferred tax relating to pension deficit	576	530
At end of the year	73,359	73,751

19. Operating leases

The Company has future minimum lease payments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Not later than one year	1,446	797
Later than one year and not later than five years	2,914	2,101
Later than five years	-	-
	4,360	2,898

20. Pension commitments

The Novelis UK Pension Plan is a funded defined benefit scheme that includes employees of the Company together with a small number of expatriate employees working overseas.

A formal valuation of the Plan was carried out as at 31 March 2015 for funding purposes by an independent qualified actuary using the projected unit method. The discount rate and inflation assumptions were set with reference to UK government bond yield curves with prudent margins applied where appropriate. Salary increases were assumed to be in line with RPI inflation. The market value of assets at that date was £203.2 million and the valuation disclosed a funding level of 85.7% and a Technical Provisions deficit (i.e. shortfall in assets relative to the funding liabilities) of £33.9 million.

Contributions for funding purposes are agreed with the Trustees of the Plan. Following the valuation as at 31 March 2015, the following employer contributions were agreed:

- To meet the cost of benefits being accrued by current employees: 12.3% of Pensionable Earnings for the year to 31 March 2016 and 16.0% of Pensionable Earnings thereafter.
- To rectify the funding deficit: £3m by 31 March 2016, £2m in each of the two years to 31 March 2018 and £3m pa for each of the subsequent 5 years.

In addition the Company makes a contribution towards the expense of running the Plan.

For the purposes of the Company's financial statements, an actuarial valuation was carried out at 31 March 2016. The Company has employed an independent actuary to approximately update that actuarial valuation to 31 March 2018 allowing for changes in actuarial assumptions, as well as adjusting for benefit accrual and benefits paid from the Plan. The main assumptions made by the actuary were:

	At 31 March 2018	At 31 March 2017	At 31 March 2016
Rate of increase in pensions	CPI:1.90% to 6.00%	CPI:1.90% to 6.00%	CPI:1.80% to 6.00%
Discount rate	2.40%	2.40%	3.40%
Rate of inflation:			
▪ CPI	2.20%	2.20%	2.00%
▪ RPI	3.20%	3.20%	3.00%
Salary increase rate:			
▪ For service pre 1 April 2010	3.10%	2.75%	2.75%
▪ For service post 1 April 2010	2.50%	2.50%	2.50%

The mortality base table is assumed to be in line with the standard SAPS S2 all tables with multipliers as set out in the following table.

Category	Sex	Scaling Factor	
		Members	Contingent Lives
Actives and deferreds	Males	118%	106%
	Females	103%	111%
Pensioners	Males	107%	110%
	Females	107%	102%

Future mortality improvements are assumed to be in line with the CMI 2015 core projections with a long-term improvement rate of 1.0% pa.

20. Pension commitments (continued)

The assets in the Plan were:

	Value at 31 March 2018 £'000	Value at 31 March 2017 £'000	Value at 31 March 2016 £'000
Equities	31,038	33,753	30,196
Diversified Growth Funds	-	-	-
Government bonds & LDI	148,536	152,464	129,724
Property	5,212	5,051	5,165
Cash/other	39,593	38,345	33,573
Combined			
Total market value of assets	224,379	229,613	198,658
Present value of scheme liabilities	(238,466)	(241,871)	(209,211)
Total pension liability	(14,087)	(12,258)	(10,553)

The value of members' additional voluntary contribution funds has been excluded from both the value of the assets and the value of the liabilities.

20. Pension commitments (continued)

Year Ending	2018 £'000	2017 £'000
Profit & Loss (P&L)		
Effect of employee service in the current year	671	686
Net finance cost on net defined benefit liability	309	379
Administration costs	435	532
Defined benefit cost recognised in P&L	1,415	1,597
Cost of termination benefits	-	-
Cost recognised in P&L	1,415	1,597
Other Comprehensive Income (OCI)		
Actuarial loss / (gain) arising during year	-	36,099
Return on plan assets (greater) / less than discount rate	3,392	(32,980)
Remeasurement effects recognised in OCI	3,392	3,119

20. Pension commitments (continued)

Change in Defined Benefit Obligation (DBO)	£'000
DBO as at 1 April 2017	241,871
Effect of employee service in the current year	671
Interest cost on the DBO	5,713
Administration costs	435
Remeasurement of the DBO	0
Benefits paid from plan assets	(10,224)
DBO as at 31 March 2018	238,466

Change in Plan Assets	£'000
Fair value of assets as at 1 April 2017	229,613
Interest income on plan assets	5,404
Return on plan assets greater/(less) than discount rate	(3,392)
Employer contributions	2,978
Benefits paid	(10,224)
Fair value of assets as at 31 March 2018	224,379

Return on Plan Assets	£'000
Total return on Plan Assets	2,012

The Company also operates a defined contribution pension scheme, the Company's contributions to this scheme totalled £247,000 (2017: £219,000). The amount owed at the year end was £nil (2017: £nil)

21. Financial instruments

The Company enters into hedging transactions where derivative financial instruments are used. The fair value of derivatives held at the year end was:

	2018	2017
	£'000	£'000
Foreign currency rate derivatives – forward contracts	315	228

22. Contingent liabilities

As of 31 March 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 31 March 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 31 March 2018, there was $12M outstanding on the ABL facility. (2017: $184m).

23. 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 UK Ltd is included. Novelis Inc is the parent company of the smallest group in which the consolidated results of Novelis UK Ltd 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 Europe Holdings Limited, a company incorporated in England and Wales.

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.

NOVELIS EUROPE HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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Novelis Europe Holdings 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 5308334

Strategic report

Activity, review of the business and future development

The Company is an investment holding company. It does not trade and its principal objective is to facilitate the efficient management and funding of Novelis' operations in Germany, the United Kingdom, Italy and Switzerland.

The statement of financial position can be seen on page 7 of these financial statements.

Key Performance Indicators

The directors consider the Company's key performance indicators to be financial, specifically net assets. These are disclosed in the 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 capital receipts and payments and dividends. 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.

The Company is a holding Company only, therefore, 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

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

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:
S. Clarke
F. Lucido
J. Quick (resigned 16 June 2017)
S. Hedar (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 Group or Company.

2. Future development of the Company

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

3. Results and dividends

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

The Directors do not propose the payment of a final dividend (2017: nil).

4. Investments

The directors have reviewed the carrying value of the Company's Investments in subsidiaries based on forward financial projections and have impaired it investment in Novelis Italia by $37.762m (2017: $8.4 million impairment).

During the year, the Company increased the loan by $153.6m from its immediate parent, Novelis Inc. The Company then made a separate capital contribution of $153.6m to its subsidiary, Novelis Aluminium Holding Company.

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 Europe Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Novelis Europe Holdings 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 loss 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 Europe Holdings 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 Europe Holdings Limited

Statement of comprehensive income for the year ended 31 March 2018

Registered in England
Number 5308334

	Note	2018 $'000	2017 $'000
Other Operating Income/ (Expense)	6	**1,471**	(663)
Operating profit/ (loss)		**1,471**	(663)
Net amounts written off investments	8	**(37,762)**	(8,434)
Loss on ordinary activities before interest and taxation		**(36,291)**	(9,097)
Interest receivable and similar income	5	**560**	520
Interest payable and similar expenses	5	**(11,764)**	(12,228)
Loss before taxation	6	**(47,495)**	(20,805)
Tax on loss	7	**-**	-
Loss for the financial year		**(47,495)**	(20,805)
Total comprehensive expense for the year		**(47,495)**	(20,805)

The notes on pages 9 to 15 form part of these financial statements.

Novelis Europe Holdings Limited

Statement of financial position as at 31 March 2018

	Note	2018 $'000	2017 $'000
Fixed Assets:			
Investments	8	**770,100**	654,231
Current assets:			
Debtors (including $11,524,000 (2017: $10,009,000) due after one year)	9	**11,731**	10,135
Cash at bank and in hand		**1**	2
		11,732	10,137
Creditors: amounts falling due within one year	10	**(27,463)**	(18,306)
Net current liabilities		**(15,731)**	(8,169)
Total assets less current liabilities		**754,369**	646,062
Creditors: amounts falling due after more than one year	11	**(387,040)**	(231,238)
Net assets		**367,329**	414,824
Equity			
Called up share capital	12	**49,097**	49,097
Retained earnings		**318,232**	365,727
Total equity		**367,329**	414,824

The financial statements on pages 6 to 15 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 15 form part of these financial statements.

Novelis Europe Holdings Limited

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

	Called up share capital	Retained earnings	Total equity
	$000	$000	$000
Balance as at 1 April 2016	49,097	286,289	335,386
Capital contribution	-	100,243	100,243
Loss for the financial year and total comprehensive expense	-	(20,805)	(20,805)
Balance as at 31 March 2017	**49,097**	**365,727**	**414,824**
Balance as at 1 April 2017	49,097	365,727	414,824
Loss for the financial year and total comprehensive expense	-	(47,495)	(47,495)
Balance as at 31 March 2018	**49,097**	**318,232**	**367,329**

Notes to the financial statements

1. General information and summary of significant accounting policies

Novelis Europe Holdings Limited ('the company') is an investment holding company.

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 company has received a letter of support in relation to its going concern basis from Novelis Inc, stating that it is their intention to provide any necessary support, to enable the company to meet its liabilities as and when they fall due for a period no shorter than 12 months from the date of signing of these financial statements.

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. Consolidation

The results of the Company and its subsidiaries are consolidated in the consolidated financial statements of its immediate parent, Novelis Inc. These financial statements have been prepared in a manner consistent with consolidated financial statements prepared under the European Commission's 7th Company Law Directive and so the Company has taken advantage of the exemption allowed under section 401(2) (d) of the Companies Act 2006 and has not prepared group financial statements.

E. Foreign currency

(i) Functional and presentation currency
The company's functional and presentation currency is US $.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within "interest (payable)/ receivable". All other foreign exchange gains and losses are presented in the profit and loss account within "Other operating income/ (expense)".

Notes to the financial statements (continued)

1. General information and summary of significant accounting policies (continued)

F. 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.

G. Investments

Investments are recorded at cost. If business conditions or changes in circumstances indicate that asset values may be impaired, an impairment review is undertaken and impairment charges are recorded if the carrying value of the investment exceeds the higher of its realisable value and its value in use.

2. Statement of compliance

The individual financial statements of Novelis Europe Holdings 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the assumptions made in the impairment assessment of Novelis Italia Srl. The key assumptions used in the value in use calculation for this impairment are outlined in note 8.

4. Staff costs and directors' emoluments

The Company does not employ any staff. During the year no director (2017: none) 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 the qualifying services.

Notes to the financial statements (continued)

5. Interest

Interest: interest receivable and similar income

	2018 $'000	2017 $'000
Interest receivable on intercompany loans	560	520

Interest: interest payable and similar charges

	2018 $'000	2017 $'000
Interest payable on intercompany loans	11,764	12,228

6. Loss before taxation

	2018 $'000	2017 $'000
Loss before taxation is stated after charging/ (crediting):		
Other operating (income)/ expense	(1,471)	663
Auditors' remuneration: - for audit services	25	30

The other operating income or expense is related to a foreign exchange gain or loss that is due to a loan denominated in a foreign currency.

The Company's audit fee has been recharged to its subsidiary Novelis UK Ltd.

7. Tax on loss

	2018 $'000	2017 $'000
Tax credit on loss	-	-

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

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

	2018 $'000	2017 $'000
Loss before taxation	(47,495)	(20,805)
Loss before taxation multiplied by standard rate in the UK of 19% (2017: 20%)	(9,024)	(4,161)
Effects of:		
Non taxable income	-	-
Expenses not deductible for tax purposes	7,175	1,687
Group relief surrendered without charge	1,849	2,474
Unrecognised tax losses carried forward	-	-
Total tax credit	-	-

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

Deferred taxation assets of $1,094,000 (2017: $1,094,000) have not been recognised on the grounds that their recovery is uncertain.

Notes to the financial statements (continued)

8. Investments

	$'000
Cost	
At 1 April 2017	678,095
Additions	153,631
At 31 March 2018	831,726
Accumulated impairment	
At 1 April 2017	23,864
Impairment	37,762
At 31 March 2018	61,626
Net book value	
At 31 March 2018	**770,100**
At 31 March 2017	654,231

The addition for the year represents an unconditional capital contribution to be contributed to the reserves of the subsidiary, Novelis Aluminium Holding Company. The use of these proceeds is a matter for the absolute discretion of the directors of Novelis Aluminium Holding Company.

Notes to the financial statements (continued)

8. Investments (continued)

The Company's fixed asset investment value represents the purchase cost of its wholly owned subsidiaries. The Company is exempt from preparing group financial statements because the results of both it and its subsidiaries are included in the consolidated financial statements of its immediate parent Novelis Inc. The table below shows the shareholders' funds reported by these subsidiaries as at 31 March 2018 and their reported profit or loss for the year ended on that date. Other than as indicated, the numbers are prepared under US GAAP as reported to Novelis Inc.

	Shareholders' Funds / (Deficit) $'000	(Loss) / profit for the year $'000
Novelis Aluminium Holding Company	380,615	(39,937)
Novelis Italia Srl	63,907	(1,220)
The following are extracted from the "relevant companies" Swiss statutory financial statements:		
Novelis AG	125,033	(19,304)
The following are extracted from the "relevant companies" UK GAAP statutory financial statements:		
Novelis UK Ltd	219,455	2,424

The directors believe that the carrying value of the investments is supported by their underlying net assets or their future expected performance, except as outlined below.

Novelis Italia SpA has developed a new strategy in April 2017 that included qualification of its products with new customers. Qualification for these new customers has been achieved and the business with these customers is expected to grow within the forthcoming financial year. However, as this is a new strategy, the Directors' have taken a prudent view of this new strategy. As a result of this, an impairment trigger has been identified and a value in use calculation performed for the investment, resulting on an amount of $37,762k being written off in the period.

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and initial budgets approved by management for the year were used and forecasts for a further five years, followed by an extrapolation of expected cash flows at a constant growth rate for each unit and the calculation of a terminal value based upon the longer term growth rates set out below. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the cash-generating units. The discount rate used in the calculation is higher than the current weighted average cost of capital for the UK market, however, due to the uncertainty linked with Brexit, management has decided to adopt a conservative approach utilising a higher discount rate.

The key assumptions used for value in use calculations are as follows:

	Italy
	%
Longer-term growth rate	1.2
Discount rate	9.0

The above relates to directly held subsidiaries, a full list of the company's subsidiaries is included in note 15.

Notes to the financial statements (continued)

9. Debtors

	2018 $'000	2017 $'000
Amount owed by group undertakings	11,524	10,009
Other debtors	207	126
	11,731	10,135

The loan of $11,524k (2017 : $10,009k), bears interest at a rate of 5.0% and does not have a specific repayment date, but is not due within one year of the balance sheet date. The amount owed by group undertakings is unsecured.

10. Creditors: amounts falling due within one year

	2018 $'000	2017 $'000
Amounts owed to group undertakings	27,463	18,306
Other creditors	-	-
	27,463	18,306

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

11. Creditors: amounts falling due after more than one year

	2018 $'000	2017 $'000
Amounts owed to group undertakings	387,040	231,238

At the balance sheet date, 2 loans were outstanding. A loan of $212,644k (2017 : $176,644k), bearing interest at a rate of 4.5%, is repayable on 2 June 2022. A loan of $174,396k (2017 : $54,594k), bearing interest at a rate of 6.8%, is repayable on 20 March 2026. The amounts owed to group undertakings are unsecured.

12. Called up share capital

	2018 $'000	2017 $'000
Allotted, called up and fully paid:		
341,138,496 ordinary shares of $0.14392	49,097	49,097

13. 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).

Notes to the financial statements (continued)

14. Ultimate parent company

In the opinion of the directors, the immediate, 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 Europe Holdings Limited is included. Novelis Inc is the parent company of the smallest group within which the Company's results are consolidated. 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.

15. Subsidiary listing

A list of the Company's subsidiaries is given below together with their country of incorporation (in brackets) if outside the UK and principal activities. All companies are 100% owned unless otherwise stated and operate in the aluminium industry.

Owned directly by the Company (all ordinary shares):
Novelis Aluminium Holding Company (Ireland) – Investment holding company (99.99%).
25/28 North Wall Quay, 1 Dublin, Ireland

Novelis UK Ltd (U.K.) – Operates a recycling plant (100%).
Latchford Lock Works, Warrington WA4 1NN

Novelis AG (Switzerland) – Investment holding company and provider of management services (100%).
Sternenfeldstrasse 19, CH-8700 Küsnacht (ZH), Switzerland

Majority shareholding owned by the Company (ordinary share capital):
Novelis Italia Srl (Italy) – Operates a sheet rolling mill (62.5%).
Via Vittorio Veneto No. 106, Bresso, Milan, Italy

Owned by Novelis Aluminium Holding Company (ordinary share capital):
Novelis Deutschland GmbH (Germany) – Operates sheet and foil rolling mills (100%).
Hannoverschestr 1, 37075 Göttingen, Germany

Owned by Novelis Deutschland GmbH (ordinary share capital):
Aluminium Norf GmbH (Germany) – 50% joint venture – Operates a sheet rolling mill.
Koblenzerstr. 120, 41468 Neuss-Stüttgen, Germany

Novelis Sheet Ingot GmbH (Germany) – Operates a recycling plant (100%).
Hannoverschestr 1, 37075 Göttingen, Germany

Deutsche Aluminium Verpackung Recycling GmbH (DAVR) – Operates a recycling plant (30%).
Postfach 10 06 64, 41490 Grevenbroich

France Aluminum Recyclage SA– Operates a recycling plant (20%).
ZIP Rhenane Nord, RD52, 68600 BIESHEIM

Novelis Italia Srl (Italy) – Operates a sheet rolling mill (37.5%).
Via Vittorio Veneto No. 106, Bresso, Milan, Italy

Owned by Novelis AG (ordinary share capital):
Novelis Switzerland SA (Switzerland) – Operates a sheet rolling mill (100%).
Route des Laminoirs 15, 3960 Sierre, Switzerland

Owned by Novelis UK Ltd (ordinary share capital):
Novelis Services Limited (U.K.) – Holds license to the Novelis Brand and charges associated branding, technology and service fees (100%)
Latchford Lock Works, Warrington WA4 1NN