NOVELIS ITALIA SPA

Company subject to the management and co-ordination activities of Hindalco Industries Ltd

Registered office: VIA VITTORIO VENETO 106 - BRESSO (MI)

Share capital: € 53,856,000.00 fully paid-up

Registered at the Milan Chamber of Commerce for Industry, Agriculture and Handicraft

Tax code no. and Register of Companies 04598460964

VAT no. 04598460964 - Rea (Administrative Economic Register) no. 1760001

Directors' Report as at 31 March 2020

All amounts are expressed in euros

Dear Shareholders,

the financial year ending 31 March 2020 closed with a net loss of € 3,461,116 after depreciation/amortisation of € 6,408,122.
Particular mention should be made of the fact that the result has been affected by the COVID-19 virus pandemic as detailed below. In addition, it should be noted that, in the course of the financial year, the share capital was reduced to cover losses.

Operative conditions and development of activity

Pursuant to Art. 2428 of the Italian Civil Code, the aluminium rolling and recycling activities have been carried out in the Bresso registered office, the Pieve Emanuele plant, as well as the San Martino Buon Albergo (VR) and Campi Bisenzio (FI) Distribution Centres.

COVID-19 virus pandemic

The early days of 2020 have seen the outbreak of a new epidemic called COVID-19.
Following the spread of the virus, beginning from February 2020, the Company has implemented a series of preventive measures such as environmental cleaning, social distancing, staggered lunch times, as anticipation of what provided for by the "Shared protocol on the measures to combat and contain the spread of the Covid-19 virus in the workplace" signed by Confindustria (Italian Manufacturers' Association) and the Trade Union organisations on March 14, 2020.
Given the evolution and seriousness of the situation, on March 11, 2020, the World Health Organization (WHO) declared that Covid-19 can be considered a truly global pandemic. In consideration of its spread throughout the country, the Italian Government proclaimed a state of emergency and implemented a series of measures to curb the circulation of the virus on the national territory.
Subsequently, the Decree of the President of the Council of Ministers (DPCM) as of 22 March 2020 established the suspension of all the production activities excluding essential services. Therefore, the Company has been forced to suspend the activity in all its local units despite not having recorded any contagion cases in the workforce.
The Company has set up a procedure for ordinary unemployment benefits in order to minimize operating costs.

The sales decline and the lower production recorded in March 2020 have had a negative impact on the Company's business and the net result for the year ending 31 March 2020 of over € 1.5 million.

Demand for rolled aluminium products and diversification of product portfolio

In the course of the financial year, the demand for painted rolled aluminium products was higher than the previous financial year thanks to the qualification of new products and the acquisition of new customers.
Moreover, there was an increase in the sale of bare rolled products thanks to the supply of products to the related concern Novelis Inc (North America), in addition to a rise in the sale of rolled products for the car industry compared to the previous financial year.
The Company, in collaboration with the Group's R&D centres, has been carrying out further tests and improving production facilities in order to extend its product range in the car industry.
In the course of March, as previously mentioned, sales volumes decreased as a result of the spread of the COVID-19 virus and the suspension of production activities imposed by the DPCM dated 22 March 2020, by closing the activities in all the local units.
Despite the drop recorded in March, the turnover rose by 9% compared to the previous financial year, thus increasing the purchase of the raw material by 5% and services by 6%.

Improvement of customer services and management of cash flows

Also this year, in order to strengthen the business relationships with major customers, reduce delivery times and improve customer services, during the financial year, the Company increased the average stock levels of raw materials, semi-finished products and finished products; however, at year-end, stock on hand decreased compared to the previous financial year as a consequence of the slow-down in demand due to the COVID-19 virus and to lower production.
The Company has continued to carry out the plan regarding the assignment of trade receivables without recourse started in December 2013 in order to curb the increase in working capital.

Development of the manufacturing process and R&D activities

The investments made in the Pieve Emanuele and Bresso plants also continued in the course of the financial year, as better explained below.
No other R&D activities, which are guaranteed by the Group research centres, have been carried out locally.

Objectives and policies concerning financial risk management

The Company is subject to the following risks:

- exchange rate fluctuations;
- fluctuations in the price of raw materials (mainly aluminium);
- fluctuations in interest rates;
- credit risk;
- risk of health and safety at the workplace;
- compliance risks.

Against the exchange rate risk and the risk of fluctuations in the price of raw materials, hedging strategies have been entered into exclusively through forward purchases of foreign currency and metal. These purchases have been made exclusively against well-identified risks and commitments and without any speculative purposes. All the hedging contracts have been made exclusively through the Treasury Management of the Novelis Group.
With regard to the interest rate risk and the optimisation of financial flows, the Company has been adhering since October 2011 to a cash pooling procedure managed by Novelis AG, which involves all the Europe-based related concerns and entails an optimization of financial flows and a better coverage of the interest rate risk.
With reference to the credit risk, no significant concentrations of trade receivables have been reported since the Company can count on customers, which are diversified both geographically and along business lines of rolled products.
It should be noted that the European division of the Group has stipulated a credit insurance policy that covers all the related concerns carrying out productive activities in Europe, thus reaching a significant reduction in the credit risk. Furthermore, the agreement of assignment of receivables without recourse, which was stipulated in December 2013, has led to a further reduction in the credit risk.

Against the risks of health and safety at the workplace and environment connected with the corporate activity, the Company has taken steps to ensure the compliance with law requirements, has prepared an Integrated Manual for the Management of Environment, Health and Safety in the Workplace and has acquired the IATF 16949 certification, in addition to the already obtained ISO 14001, BSI OSHAS 18001 and ISO 50001 certifications.

In July 2008, the Company introduced the Organisation, Management and Control Model as per Legislative Decree 231/2001, whose latest update was approved in March 2019.
In this respect, it should be specified, that the Supervisory Board, provided for by Legislative Decree 231/2001, during the financial year performed its activity regularly and prepared the annual report as set forth in Art. 4.1 of the Organisation, Management and Control Model. During the year, the Supervisory Board did not receive any significant notice or specific intervention requests and did not report any behaviour or conduct such as to infringe the provisions contained in Legislative Decree 231/2001.

Costs

The main costs related to operating activities can be summarised as follows.

Description	31/03/2020	31/03/2019
Personnel costs	25,720,819	26,670,604
Costs of services	33,472,822	31,699,371
Amortisation, depreciation and write-downs	6,515,287	6,430,664

The average workforce totalled some 397 units against 395 units in the previous financial year. On the whole there was a decrease in personnel costs of € 0.950 million, mainly due to the decrease of fixed-term staff and the replacement of employees eligible for retirement. The per capita cost for the

year was equal to € 64,788 with a decrease over the past financial year (€ 67,520) also as a result of the generational change.
The total costs of services were up € 1.8 million on the previous financial year. The higher costs are mainly driven by the rise in production. There was also an increase in transport costs due to the rise in sales.

Description	31/03/2020	31/03/2019
Change in inventories of work in progress, semi-finished and finished products	4,322,285	-3,227,259
Raw, ancillary and consumable materials	166,900,606	158,459,802
Change in inventories of raw, ancillary, and consumable materials	-1,565,119	308,404
Total cost of material	**169,657,772**	**155,540,947**

The total cost of the material increased by € 14.1 million, equal to 9%, and was aligned to the rise in sales.

Gross sales margin

The sales margin is shown below.

Description	31/03/2020	31/03/2019
Revenues from sales and rendering of services	233,277,409	213,973,552
Total cost of material	169,657,772	155,540,947
Gross sales margin	**63,619,637**	**58,432,605**
Other revenues and income	3,462,094	8,378,499

The gross sales margin showed an increase of 9%, and as it results from the above table, there was an increase in revenues of 9% against an increase in the costs of raw materials of 5%, and the costs were perfectly aligned, also thanks to the sales in North America and to the improvement projects, which allowed us to contain fixed costs.
The reduction in “Other revenues and income” was mainly due to the lower market assistance fees charged to the parent company.

Financial position and indicators

Description	31/03/2020	31/03/2019
1) Bank deposits	3,864,362	4,354,624
3) Cash on hand	1,249	1,317
Cash and cash equivalents	**3,865,611**	**4,355,941**
Bank borrowings (within 12 months)	0	0
Total Other financial debt (5)	4,136,846	4,349,570
Short-term borrowings	**4,136,846**	**4,349,570**
Short-term financial position	**-271,235**	**6,371**
Position towards group companies for cash-pooling	-8,517,494	-10,786,952
Net financial position	**-8,788,729**	**-10,780,581**

From the above table it results that the net financial position recorded a decrease of 18% over the previous financial year, thanks to the increase of sales in North America.
The Reclassified Income Statement is as follows:

Description	31/03/2020	31/03/2019
Revenues from sales	233,277,409	213,973,552
Change in inventories	-4,322,285	3,227,259
VALUE OF PRODUCTION OBTAINED	**228,955,124**	**217,200,811**
Raw, ancillary and consumable materials	166,900,606	158,459,802
Change in inventories of raw, ancillary and consumable materials	-1,565,119	308,404
CONSUMPTION OF MATERIALS	**165,335,487**	**158,768,206**
GROSS MARGIN	**63,619,637**	**58,432,605**
Costs of services	33,472,822	31,699,371
Leases and rentals	1,099,208	1,144,596
Other operating expenses	1,096,707	2,076,571
EXTERNAL COSTS	**35,668,737**	**34,920,538**
VALUE ADDED	**27,950,900**	**23,512,067**
Other revenues	3,462,094	8,378,499
Personnel costs	25,720,819	26,670,604
Ebitda	**5,692,175**	**5,219,962**
Amortisation, depreciation and write-downs	6,515,287	6,430,664
Provisions for risks	0	45,000
OPERATING RESULT	**-823,112**	**-1,255,702**
Financial income	0	40

Interest and financial charges	-345,530	-422,392
Exchange gains and losses	33,006	152,617
FINANCIAL CHARGES - NET	**-312,524**	**-269,735**
Revaluations / Write-downs of financial derivative instruments	-2,250,676	1,301,255
VALUATION ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES	**-2,250,676**	**1,301,255**
INCOME TAXES	74,804	54,016
NET RESULT	**-3,461,116**	**-278,198**

Below are specified the indicators of non-current assets financing and the debt structure ratios:

	31/03/2020	31/03/2019
Primary margin		
=Shareholders' equity - (Non-current assets +Receivables classified under current assets after 12 months)	**-3,103,131**	**234,910**
Primary ratio		
=Shareholders' equity / (Non-current assets + Receivables classified under current assets after 12 months)	**0.95**	**1.00**
Secondary margin		
=Shareholders' equity + Consolidated liabilities- (Non-current assets + Receivables classified under current assets after 12 months)	**-81,928**	**3,726,902**
Secondary ratio		
=(Shareholders' equity + Consolidated liabilities)/ (Non-current assets + Receivables classified under current assets after 12 months)	**1.00**	**1.06**
Debt to equity ratio		
=(Current liabilities + Consolidated liabilities)/Shareholders' equity	**1.21**	**1.27**
Financial debt to equity ratio		
= Financial payables/Shareholders' equity	**0.14**	**0.17**

Investments

The Company made investments for € 6.4 million during the financial year in order to maintain productive efficiency, reduce energy consumption and increase the level of safety and environmental protection.

Transactions with parent companies and Novelis group companies

Valuation criteria applied to the intra-group transactions

(Disclosure pursuant to Art. 4, para. 1 bis of Legislative Decree no. 74 of 10 March 2000)

The Company carried out several transactions with some Group companies in the course of the financial year.

Specifically, intra-group transactions are grouped into these homogeneous categories:

a) Centralised treasury management (cash pooling);

b) Supply of administrative and management services ("Management Service Agreement");

c) Purchase and sale of raw materials and semi-finished goods (metal).

In order to ensure a correct transparency in the accounts, it should be noted that in the financial year under review related party transactions were carried out at arm's length.

The Company has supported the choice of such methods through the results of studies commissioned by the Company to professionals and top-notch consulting firms. Technical and economic specifications relating to the application of the said methods are outlined in the documents relating to Transfer Pricing, in case of need drawn up for tax purposes.

Together with a description of each intra-group transaction, below is provided a brief analysis of the method adopted.

a) Centralised treasury management

This service is represented by the centralized management of the Group liquidity.
The centralization of cash management means that the Company, like any other company adhering to the cash pooling agreement, has to transfer on a daily basis its positive or negative balance of the current account to the master account of the "pool leader" i.e. Novelis AG.

In accordance with the provisions set forth in the "Cash pooling agreement", the related concern manages the group treasury by granting loans or depositing liquid funds.

During the tax period, in compliance with the cash pooling agreement, the Company accrued interest expense for a total amount of € 107 thousand. Interests are determined on the basis of the parameters established contractually in relation to the LIBOR rate.

The economic reasons, which have led the Company to enter into a cash pooling agreement with Novelis AG, appear easy to understand; the pool leader, in fact, is able to manage on a daily basis the positive/negative balance of the companies in accordance with the agreement allowing them to have sufficient availability of capital to meet their commitments.

Moreover, taking on the exchange-rate risk and the risk of fluctuations in interest rates, the position of the companies participating in the agreement is safeguarded.

b) Supply of administrative and management services ("Management Service Agreement")

The Company has availed of the services provided by the Group companies, which charged back the costs mainly related to the centralization of part of the business activities.

The Company, in the course of the financial year, recorded costs for services received from parent companies and related concerns for a total amount of some € 9.5 million, of which € 7.5 million for Management fees and, likewise, recorded revenues from services for a total amount of some € 0.963 million.

The recharged cost mainly refers to administrative, management, risk management, business development, information technology, legal advice and collection services. For these services and as provided by the contract, the Company has committed to pay to the Group companies and to receive from the same a consideration equal to the direct and indirect cost incurred to provide that specific service, plus a mark-up, which varies on the basis of the service provided.

The services provided by and received from the Group companies include both ordinary support services and additional services of high value.

c) Purchase and sale of raw materials and semi-finished goods (metal)

The determination of transfer pricing is as follows:

- The raw materials are purchased and sold at a price equal to the London Metal Exchange quotation with respect to the specific raw material plus the shipping costs and any other customs duties, if applicable.
- The semi-finished goods are purchased and sold at a price equal to the London Metal Exchange quotation with respect to the specific semi-finished good plus the shipping costs and any other customs duties if applicable, and a premium which substantially reflects the production cost already incurred by the transferors. The premium thus represents the additional revenue component for the transferor compared to the mere recharging of the costs incurred for the transformation of the raw material into semi-finished good.

Moreover, the Company recorded revenues amounting to € 2.0 million for Market assistance fees from the parent company Novelis Inc., as reported in the Notes to the Financial Statements.

Break-down of intra-group transactions

The transactions outstanding at 31 March 2020 are summarized in the following table.

Commercial and financial transactions	Revenues from sales	Revenues from services	Fees charged	Purchase of goods	Costs of services	Metal Hedging income and (charges)	Financial income and (charges)	Receivables	Payables	Cash pooling payables

Parent companies:										
Novelis Inc. Global Research					1,171,798		16		205,341	
Novelis Inc.			2,000,000							
Total parent companies	**0**	**0**	**2,000,000**	**0**	**1,171,798**	**0**	**16**	**0**	**205,341**	**0**
Companies under the control of parent companies:										
Novelis AG Zurigo		769,092			6,399,725	(5,700,342)	(100,643)	1,111,524	5,873,725	8,517,494
Novelis Deutschland Gmbh	3,697,115	144,000		67,707,930	182,916			1,463,780	11,607,806	
Novelis Switzerland SA	2,433,590			24,266,273	48,279			322,960	4,360,842	
Novelis Services Limited (UK)					588,255			54,434		
Novelis Laminee France					190,414				16,180	
Novelis PAE				50,998					2,214	
NOVELIS CORPORATION TEXAS		49,980						49,982		
NOVELIS CORPORATION FAIRMONT							955			
NOVELIS CORPORATION TERRE HAUTE	32,777,704				899,028		270,686	4,618,159		
Total companies under the control of parent companies	**39,178,409**	**963,072**	**0**	**92,025,202**	**8,308,618**	**(5,700,342)**	**171,038**	**7,620,839**	**21,860,767**	**8,517,494**

Transactions with the company which carries out the management and co-ordination activities

The Company is indirectly controlled by the company Hindalco Industries Ltd, which belongs to the Aditya Birla Group based in Mumbai (India).
The balance-sheet and income statement data of Hindalco Industries Ltd, which carries out the management and co-ordination activities, are shown in the Notes to the Financial Statements.

Treasury shares

The Company does not hold treasury shares, or hold shares or quotas in the parent companies; furthermore, the Company did not purchase or sell treasury shares in the course of the financial year.

Information on personnel and environment

With regard to personnel, in the course of the year, there were:

- no reports of casualties of the personnel registered in the Libro Unico del Lavoro (labour book);
- no reports of serious accidents at work, that entailed serious or dangerous injuries of the personnel registered in the Libro Unico del Lavoro;
- no charges for occupational diseases on employees or former employees and mobbing lawsuit

for which the Company was liable.

With regard to environment information, in the course of the financial year, there were no environment-related damages, for which the Company was declared guilty; no sanctions or penalties for environmental damages or crimes were inflicted on the Company.
The Company does not fall within the requirements provided for by Law 316/2004.

Outlook

In compliance with the above-mentioned DPCM dated 22 March 2020, in order to ensure the continuity of the supply chains in the sectors referred to in Appendix 1 thereof, of the public utility services and of the essential services referred to in Law No. 146/1990, the Company, starting from 15 April 2020 and subject to appropriate notification to the competent Prefect, has partially resumed its activity in order to supply those customers belonging to the authorised supply chains.
Unless otherwise provided by law, the Company has planned to resume production also for the customers not included in the strategic activities (referred to in the aforementioned DPCM of 22 March 2020) as from 4 May 2020.
With regard to the 2020-2021 sales forecast, the Company believes that there is still a significant level of uncertainty about the impact that the Covid-19 emergency may have on the international economy and on the production and marketing processes of aluminium; however, it should be noted that the main customers in Austria and Germany have resumed their own activities and have been operating regularly.
Based on our current available information, in relation to the main data reported in the balance sheet-assets that may be affected by the Covid-19 emergency, the Company believes that there are no material issues about either credit collection or the use of stock on hand.
In general terms, the Company together with the support of the Group will be able, in any case, to tackle a possible and currently unexpected substantial decrease in turnover in the 2020-21 FY, without incurring going-concern issues.

Folker Ohle - Member of the Board of Directors
Bresso, 28 April 2020

NOVELIS ITALIA SPA

Financial Statements as at 31 March 2020

Company's data	
Registered office	BRESSO
Tax code no.	04598460964
Rea (Administrative Economic Register) no.	MILANO1760001
VAT no.	04598460964
Share capital (in € units)	53,856,000.00 fully paid-up
Legal status	COMPANY LIMITED BY SHARES
ATECO (Economic Activities' Classification) code	244200
Company in liquidation	no
Company with sole shareholder	no
Company subject to the management and co-ordination activities	yes
Name of the company or body, which carries out the management and co-ordination activities	Hindalco Industries Ltd
Member of a corporate group	yes
Group company's name	Hindalco Industries Ltd
Group company's country	INDIA
Enrolled in the Register of Cooperatives under no.	

All amounts are expressed in euros

Financial Statements as at 31 March 2020

BALANCE SHEET

ASSETS	31/03/2020	31/03/2019
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL OWED		
Total receivables from shareholders for payments still owed (A)	**0**	**0**
B) NON-CURRENT ASSETS		
I - Intangible assets		
4) Concessions, licences, trademarks and similar rights	53,773	34,625
7) Other	34,601	51,076
Total intangible assets	88,374	85,701
II - Property, plant and equipment		
1) Land and buildings	21,994,200	22,958,277
2) Plant and machinery	32,651,243	34,457,036
3) Industrial and commercial equipment	550,323	712,294
4) Other assets	931,375	800,494
5) Assets under construction and advances paid	4,129,074	1,411,056
Total property, plant and equipment	60,256,215	60,339,157
III - Financial assets		
1) Equity investments		
d-bis) other companies	3,215	3,215
Total equity investments (1)	3,215	3,215
2) Trade and Other Receivables		
d-bis) due from others		
after 12 months	404,508	397,944
Total due from others	404,508	397,944
Total trade and other receivables	404,508	397,944
Total financial assets (III)	407,723	401,159
Total non-current assets (B)	**60,752,312**	**60,826,017**
C) CURRENT ASSETS		
I) Inventories		
1) Raw materials, supplies & consumables	10,570,926	9,005,807
2) Work in progress and semi-finished products	15,156,874	17,544,463
4) Finished products and goods for resale	17,214,078	19,148,774
Total inventories	42,941,878	45,699,044
II) Receivables		
1) Trade receivables		
within 12 months	12,416,456	20,467,586
Total trade receivables	12,416,456	20,467,586
5) Due from companies under the control of parent companies		
within 12 months	6,577,491	7,102,254
Total due from companies under the control of parent companies	6,577,491	7,102,254
5-bis) Tax receivables		
within 12 months	354,870	230,552
after 12 months	2,690,915	2,640,008
Total tax receivables	3,045,785	2,870,560
5-ter) Deferred tax assets	0	100,277

5-quater) Due from others		
within 12 months	2,364,515	2,690,065
Total due from others	2,364,515	2,690,065
Total receivables	24,404,247	33,230,742
III – Current financial assets		
5) Derivative assets	1,043,348	953,832
Total current financial assets	1,043,348	953,832
IV - Cash and cash equivalents		
1) Banks and post office accounts	3,864,362	4,354,624
3) Cash on hand	1,249	1,317
Total cash and cash equivalents	3,865,611	4,355,941
Total current assets (C)	**72,255,084**	**84,239,559**
D) ACCRUED INCOME AND PREPAID EXPENSES	**451,924**	**225,860**
TOTAL ASSETS	**133,459,320**	**145,291,436**

BALANCE SHEET

LIABILITIES	**31/03/2020**	**31/03/2019**
A) SHAREHOLDERS' EQUITY		
I – Share capital	53,856,000	96,000,000
II – Share premium reserve	0	0
III – Revaluation reserve	0	0
IV – Legal reserve	0	656,109
V – Statutory reserves	0	0
VI - Other reserves, shown separately		
Amounts paid-in for future capital increase	10,000,000	10,000,000
Total other reserves	10,000,000	10,000,000
VII – Reserve for expected cash flow hedging	0	0
VIII - Retained earnings (accum, losses) carried forward	-54,788	-42,576,699
IX - Net income (loss) for the year	-3,461,116	-278,198
Loss covered in the year	0	0
X – Negative reserve for own shares in portfolio	0	0
Total Shareholders' equity	**60,340,096**	**63,801,212**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Retirement benefit obligations	404,882	441,631
3) Derivative liabilities	5,200,394	1,058,166
4) Others	324,144	314,284
Total provisions for risks and charges (B)	**5,929,420**	**1,814,081**
C) STAFF LEAVING INDEMNITY (TFR)	**2,616,321**	**3,050,361**
D) PAYABLES		
5) Other financial debt		
within 12 months	4,136,846	4,349,570
Total other financial debt (5)	4,136,846	4,349,570
7) Trade payables		
within 12 months	30,765,661	35,008,031
Total trade payables (7)	30,765,661	35,008,031

11) Due to parent companies		
within 12 months	205,341	115,356
Total due to parent companies (11)	205,341	115,356
11-bis) Due to companies under the control of parent companies		
within 12 months	25,177,867	31,175,931
Total due to companies under the control of parent companies (11-bis)	25,177,867	31,175,931
12) Tax payable		
within 12 months	285,466	1,050,536
Total tax payable (12)	285,466	1,050,536
13) Due to insurance and pension institutes		
within 12 months	1,301,420	1,704,288
Total due to insurance and pension institutes (13)	1,301,420	1,704,288
14) Other payables		
within 12 months	2,700,882	3,222,070
Total other payables (14)	2,700,882	3,222,070
Total payables (D)	**64,573,483**	**76,625,782**
E) ACCRUED LIABILITY AND DEFERRED INCOME	**0**	**0**
TOTAL LIABILITIES	**133,459,320**	**145,291,436**

INCOME STATEMENT

	31/03/2020	31/03/2019
A) VALUE OF PRODUCTION (REVENUE):		
1) Revenues from sales and rendering of services	233,277,409	213,973,552
2) Change in inventories of work in progress, semi-finished and finished products	-4,322,285	3,227,259
5) Other revenues and income		
Grants related to income	10,452	0
Miscellaneous	3,451,642	8,378,499
Total other revenues and income	3,462,094	8,378,499
Total value of production (revenue)	**232,417,218**	**225,579,310**
B) PRODUCTION COSTS:		
6) Raw, ancillary and consumable materials	166,900,606	158,459,802
7) Costs of services	33,472,822	31,699,371
8) Leases and rentals	1,099,208	1,144,596
9) Personnel costs:		
a) Wages and salaries	17,102,565	17,805,026
b) Social security contributions	6,592,479	6,907,569
c) Staff leaving indemnity	1,217,090	1,411,367
e) Other costs	808,685	546,642
Total personnel costs	25,720,819	26,670,604
10) Amortisation, depreciation and write-downs:		
a) Amortisation of intangible assets	29,547	41,773
b) Depreciation of property, plant and equipment	6,378,575	6,357,969
d) Write-downs of receivables included under current assets and cash and cash equivalents	107,165	30,922
Total amortisation, depreciation and write-downs	6,515,287	6,430,664
11) Change in inventories of raw, ancillary, and consumable materials	-1,565,119	308,404
12) Provisions for risks	0	45,000
14) Other operating expenses	1,096,707	2,076,571
Total production costs	**233,240,330**	**226,835,012**
Difference between production value and cost (A-B)	**-823,112**	**-1,255,702**
C) FINANCIAL INCOME AND CHARGES:		
16) Other financial income:		
d) Income other than the foregoing		
Others	0	40
Total income other than the foregoing	0	40
Total other financial income	0	40
17) Interest and other financial charges		
- companies under the control of parent companies	106,649	188,540
Others	238,881	233,852
Total interest and other financial charges	345,530	422,392
17-bis) Exchange gains and losses	33,006	152,617
Total financial income and charges (C) (15+16-17+-17-bis)	**-312,524**	**-269,735**
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS:		
18) Revaluations:		
d) of derivative financial instruments	0	1,301,255
Total revaluations	0	1,301,255

19) Write-downs:		
d) of financial derivative instruments	2,250,676	0
Total write-downs	2,250,676	0
Total valuation adjustments to financial assets (18-19)	**-2,250,676**	**1,301,255**
PRE-TAX RESULT (A-B+-C+-D)	**-3,386,312**	**-224,182**
20) Current and deferred income taxes for the year		
Current taxes	15,144	46,438
Prior years' taxes	-40,617	7,578
Deferred tax assets and liabilities	100,277	0
Total current and deferred income taxes for the year	74,804	54,016
21) INCOME (LOSS) FOR THE YEAR	**-3,461,116**	**-278,198**

CASH FLOW STATEMENT (INDIRECT METHOD)		
	Current period	**Prior period**
A. Cash flows from (used in) operating activities (indirect method)		
Income (loss) for the year	(3,461,116)	(278,198)
Income taxes	74,804	54,016
Interest expense/(interest income)	345,530	422,352
(Dividends)	0	0
(Capital gains)/capital losses from disposals of assets	77,673	223,925
1. Income / (loss) for the year before income taxes, interest, dividends and capital gains and losses from disposals	(2,963,109)	422,095
Adjustments for non-monetary items, which do not have counterpart in net working capital		
Charge to the provisions	4,931,071	893,544
Amortisation/depreciation	6,408,122	6,399,742
Impairment of assets	0	0
Valuation adjustments to financial assets and liabilities of financial derivative instruments that do not entail monetary movements	0	0
Increase/(Decrease) in other adjustments for non-monetary items	0	30,922
Total adjustments for non-monetary items, which do not have counterpart in net working capital	11,339,193	7,324,208
2. Cash flows before changes in net working capital	8,376,084	7,746,303
Changes in net working capital		
Decrease/(Increase) in inventories	2,757,166	(2,918,855)
Decrease/(Increase) in trade receivables	8,051,130	(4,911,006)
Increase/(Decrease) in trade payables	(4,855,165)	278,252
Decrease/(Increase) in accrued income and prepaid expenses	(226,064)	10,778
Increase/(Decrease) in accrued liability and deferred income	0	0
Other decreases / (Other increases) in net working capital	(4,627,186)	7,294,632
Total changes in net working capital	1,099,881	(246,199)
3. Cash flows after changes in net working capital	9,475,965	7,500,104
Other adjustments		
Interest received/(paid)	(345,530)	(422,352)
(Income taxes paid)	0	0
Dividends cashed	0	0
(Utilisation of provisions)	(1,249,772)	(1,017,479)
Other collections/(payments)	0	0
Total other adjustments	(1,595,302)	(1,439,831)
Cash flows from (used in) operating activities (A)	7,880,663	6,060,273
B. Cash flows from (used in) investing activities		
Property, plant and equipment		
(Investments)	(5,758,096)	(4,476,423)

Disinvestments	0	0
Intangible assets		
(Investments)	(34,635)	(6,100)
Disinvestments	0	0
Financial assets		
(Investments)	(6,564)	(1,470)
Disinvestments	0	0
Current financial assets		
(Investments)	(89,516)	(872,908)
Disinvestments	0	0
(Purchase of business concerns, net of cash and cash equivalents)	0	0
Sale of business concerns, net of cash and cash equivalents	0	0
Cash flows from (used in) investing activities (B)	(5,888,811)	(5,356,901)
C. Cash flows from (used in) financing activities		
Borrowed funds		
Increase/(Decrease) in bank borrowings within 12 months	0	0
New loans	0	2,941,122
(Loan repayment)	(2,482,182)	0
Own funds		
Paid-in capital increase	0	0
(Repayment of capital)	0	0
Sale (Purchase) of treasury shares	0	0
(Dividends and on account dividends paid)	0	0
Cash flows from (used in) financing activities (C)	(2,482,182)	2,941,122
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(490,330)	3,644,494
Exchange-rate effect on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the year		
Banks and post office accounts	4,354,624	709,663
Cheques	0	0
Cash on hand	1,317	1,784
Total cash and cash equivalents at the beginning of the year	4,355,941	711,447
Of which not freely utilizable	0	0
Cash and cash equivalents at the end of the year		
Banks and post office accounts	3,864,362	4,354,624
Cheques	0	0
Cash on hand	1,249	1,317
Total cash and cash equivalents at the end of the year	3,865,611	4,355,941
Of which not freely utilizable	0	0

The item “Loan repayment” above is composed by:

- Change in cash pooling position towards Novelis AG of € 2,269,458;
- Change in payable to factoring companies of € 212,724

Notes to the Financial Statements as at 31 March 2020

PREAMBLE

The financial year ending 31 March 2020 closed with a net loss of € 3,461,116 after depreciation/amortisation of € 6,408,122, and taxes for the year for € 74,804.
Particular mention should be made of the fact that the result has been affected by the COVID-19 virus pandemic as detailed below. In addition, it should be noted that, in the course of the financial year, the share capital was reduced to cover losses.

Business carried out

Pursuant to Art. 2428 of the Italian Civil Code, the aluminium rolling and recycling activities have been carried out in the Bresso registered office, the Pieve Emanuele plant, as well as the San Martino Buon Albergo (VR) and Campi Bisenzio (FI) Distribution Centres.

Group structure

The Company is controlled by the Novelis Inc. Group, based in the USA, through the English subsidiary Novelis Europe Holdings Limited. In May 2007, the Aditya Birla Group, which is one of the main industrial groups in India, acquired the majority of the share capital of the Group parent Novelis Inc.. Therefore the Company is subject to the management and co-ordination of Hindalco Industries Ltd, company belonging to the Aditya Birla Group, which deals with the production and marketing of metals.

Below is presented the latest available data relating to the consolidated financial statements of Hindalco Industries Ltd (in $ millions):

	Financial year as at 31 March 2019
Fixed assets	13,002
Other assets	2,887
Total assets	15,889
Current liabilities	7,576
Deferred taxes	0
Minority interests	1
Shareholders' equity	8,312
Total liabilities and shareholders' equity	15,889

	Financial year as at 31 March 2019
Net revenues	18,678
Costs	-16,460
Operating result before taxes and other items	2,218
Other revenues	161
Other costs	-682
Interest	-541
	1,156
less: Income taxes	370
Net result	786

For an adequate and complete understanding of the financial position and results of operations of the Hindalco Industries Ltd Group at 31 March 2019, reference should be made to the financial statements of the above mentioned (available on the website: www.hindalco.com).

BASIS OF PREPARATION

These Financial Statements as at 31 March 2020 were prepared in accordance with the regulations laid down in the Italian Civil Code, as amended by Legislative Decree no. 139/2015, interpreted and supplemented by the accounting principles promulgated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee).

These Financial Statements comprise the Balance Sheet (as prepared in compliance with the outline of presentation required by Articles 2424 and 2424 bis of the Italian Civil Code), the Income Statement (as prepared in compliance with the outline of presentation required by Articles 2425 and 2425 bis of the Italian Civil Code) and the Cash Flow Statement (whose content, pursuant to Art. 2425-ter of the Italian Civil Code, is presented in accordance with OIC accounting principle no. 10, and these Notes to the Financial Statements, drawn up in compliance with Art. 2427 of the Italian Civil Code.

These Notes to the Financial Statements analyse and supplement the financial statements data with the additional information required to give a true and fair view of the data provided, taking into consideration that no departures have been made pursuant to Arts. 2423 and 2423-bis of the Italian Civil Code.

The items not expressly reported in the Balance Sheet and in the Income Statement, as contemplated by Arts. 2424 and 2425 of the Italian Civil Code, have a zero balance.

For information relating to the nature of the business activities and all the relationships with associated companies, parent companies and other companies under the control of the latter, please refer to the Directors' Report.

It is also declared that the financial statements are correct from a formal and substantial point of view and give a true and fair view of the financial position and results of operations of the Company.
Please refer to the Directors' Report for information on Art. 2428 of the Italian Civil Code.

GOING CONCERN

The Company closed the financial year with a net loss of € 3,461,116. As outlined in the preamble, this result has been influenced by the negative impact of the COVID-19 virus. In this circumstance, the Directors have reviewed the five-year plan of the Company and concluded that, on the basis of the measures taken and implemented, the Financial Statements can be prepared according to the principle of going-concern. In the light of the results of the Plan and in consideration of the climate of uncertainty created by the COVID-19 virus, the Directors have decided to reverse deferred tax assets for prudential reasons.

ACCOUNTING PRINCIPLES

The items in the Financial Statements have been valued in accordance with the general criteria of prudence, accrual and on a going concern basis as well as by taking account of the substance of the transaction or of the contract.
The valuations have been undertaken in accordance with the provisions set forth in Art. 2426 of the Italian Civil Code and the accounting standards as contemplated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee).
The application of the principle of prudence requires each asset and liability item to be valued on an individual basis so as not to offset losses that should be recognised against profits that should not be recognised, as they have not been realised.
In accordance with the accrual basis, the effect of the operations and other events was accounted for and attributed to the year such operations and events refer to, and not to the year in which the relative movements took place (receipts and payments).
Taking into account the substance of the transaction or of the contract, the valuation expressing the principle of prevalence of substance over form - compulsory where not expressly in contrast with other specific regulations on the Financial Statements – allows the representation of the transactions according to the financial reality behind the formal aspects.

Below are the main accounting principles adopted:

Non-current assets

Intangible assets

Intangible assets are stated at their historical purchase cost, with the consent of the Board of Statutory Auditors where contemplated by the regulations in force, and shown net of the amortisation made.
Amortisation is calculated over the expected useful life of 10 years.

Property, plant and equipment

These are stated at purchase cost and adjusted by the corresponding accumulated depreciation.
Any accessory charges and costs incurred for bringing the asset in the present location were capitalized when recording this item to the Balance Sheet and any non-negligible commercial and cash discounts were deducted from said costs and charges.
Depreciation charged to the Income Statement has been calculated taking into account the use, utility and economic-technical life of the assets, over their estimated useful life.
The depreciation rates of the assets received upon transfer with effect 1 January 2005 differ from the rates of the new assets acquired after the transfer in virtue of their different residual possibility of use by adjusting the same to the useful life of the newly-acquired assets.
The assets acquired after the transfer by Alcan Alluminio SpA on 1 January 2005 are depreciated systematically using the economic-technical rates reflecting the remaining possibilities for the use of the assets, as shown in the following table:

	Useful life
Land and buildings	from 10 to 50 years
Plant and machinery	from 2 to 35 years
Industrial and commercial equipment	from 3 to 10 years
Motor vehicles	from 3 to 8 years
Office furniture and machines	from 5 to 10 years

For fixed assets acquired during the year, depreciation is reduced by 50%.
Land is not depreciated since not subject to a limited use in the time.
Ordinary maintenance and repair cost are expensed when incurred. Improvement and expansion costs, where they represent an increase of the asset value or useful life, are shown as an increase in the value of the assets.

Impairment of assets

Impairment of property, plant and equipment and intangible assets is recorded as prescribed by OIC no. 9.

In particular, if the recoverable amount of an asset (e.g. intended as the higher of its value in use and its fair value) has declined below its carrying value, the asset is measured at the lower value. The difference is recorded in the Income Statement as impairment loss and is recognised in the Income Statement under item B10c). If requirements for write-down no longer apply in subsequent periods, the original value is restored as adjusted by depreciation/amortisation only.
If it is not possible to estimate the recoverable value of an individual asset, the Company determines the recoverable amount of the Cash Generating Unit to which the asset belongs. This occurs when individual assets do not generate cash flows in an autonomous way with respect to other assets.
The Company verifies at least annually, whether any indication exists that assumes a permanent impairment of assets; in the presence of this indication, the Company estimates the recoverable amount of the related assets.

Revaluations

The book value of property, plant and equipment can include revaluations of cost, if these are made under specific laws.
Revaluations do not represent an Income Statement component but are carried to a shareholders' equity reserve.

Receivables (including those recorded under financial assets)

Receivables arising from revenues from sales of goods or rendering of services are recognised as current assets on an accrual basis when there are conditions for revenue recognition.
The value of receivables is subsequently reduced in respect of the amounts received - both principal and interest – of any write-downs for readjusting the receivables to their estimated realisable value or of any losses. Receivables are valued as a general rule at amortized cost taking into account the time factor, but for receivables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the credit position and the related collection. In this case the book value coincides with the nominal value.
A specific allowance has been set aside to tackle any possible insolvency risks, the adequacy of which in respect of doubtful positions is verified periodically and anyway at the end of each financial year, taking into account both cases of uncollectibility already emerged or deemed to be probable and the general economic conditions and the risks potentially under way.

Factoring without recourse

The Novelis Group entered into an agreement with a German bank in December 2013 relating to the assignment of trade receivables without recourse. As provided for by OIC no. 15, the assigned receivables have been removed from the Balance Sheet up to a quota of 90% equal to the advance received. The difference of 10% is recorded in the Balance Sheet as receivable from factoring companies.
Interest and fees due to the factoring company have been fully charged to the Income Statement.

Inventories

Raw materials, supplies & consumables and finished products are valued at the lower of purchase or production cost and their net realisable value presumed from market trends (replacement cost for raw materials), applying the weighted average cost method.
Work-in-progress is measured on the basis of the costs incurred in the financial year.
A stock depreciation provision has been recorded in order to adjust the value of obsolete and slow-moving items to their market value, and recorded as a direct reduction of the closing inventories value.

Cash and cash equivalents

Bank deposits and cheques (current account cheques, banker's drafts and similar ones) are stated according to the general principle of their estimated realisable value that coincides with the nominal value in the absence of collectibility risk.
Cash and revenue stamps are stated at nominal value.

Prepayments/deferred income/accrued income and liabilities

Prepayments and deferred revenue are recorded on the basis of the matching principle, in compliance with the costs and revenues correlation.

Provisions for risks and charges

Provisions for risks and charges are accrued to cover known or probable losses or liabilities, whose amounts or settlement dates are uncertain at year-end.
In measuring the value of these provisions, the general principles of prudence and accruals basis have been complied with and no provisions for general risks without any economic justification have been set aside.
Potential liabilities have been recognised in the accounts and recorded as provisions since they are considered probable and being their amount reasonably determinable.
In compliance with OIC no. 31 para. 16, given that the classification of expenses by nature should prevail, provisions for risks and charges are recorded under the items of operational activity (classes B, C and E of the Income Statement) to which the operation refers (ordinary, accessory or financial).

Staff indemnity leaving (TFR)

This represents the liability accrued in favour of employees in accordance with current legislation and employment contracts, taking into consideration any type of remuneration having a permanent nature.
The indemnities set aside fully cover the employee retirement and seniority accrued up to the date of their transfer to funds outside the company in compliance with Law no. 296 of 27 December 2006.

Payables

Payables arising from purchases of goods are stated in the Balance Sheet when significant risks, charges and benefits related to the property title have been substantially transferred. Payables refer to services already rendered, i.e. the rendering has been completed. The item “advances” instead includes the advances received from costumers for supplies of goods or services not made yet.
Payables are valued as a general rule at amortized cost taking into account the time factor, but for payables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the debit position and the related payment. In this case the book value coincides with the nominal value.

Current and deferred taxes

Current taxes are determined on the basis of a realistic estimate of the amounts payable in accordance with the current fiscal regulations. Current income taxes are reflected in the Balance Sheet under item “Tax receivables” in case the advances paid are higher than the actual tax payable for the year, or otherwise under “Tax payable”. Deferred tax assets and liabilities result from the temporary differences between the carrying amounts of assets and liabilities reported in the Balance Sheet and their carrying amounts for tax purposes.
Deferred tax assets are booked to the extent their future recoverability is deemed probable on the basis of the future taxable income.
Deferred tax assets and liabilities are calculated on the basis of the rates in force in the financial year in which the temporary differences arise.
Deferred tax assets and liabilities are not discounted back.

Revenues recognition

Revenues from the sale of products and costs for the related purchase are recognised upon the transfer of all the risks and benefits connected with the property title; such transfer normally coincides with the delivery or shipment of the goods.
Financial revenues and revenues from services are recognised on an accrual basis.

Translation of foreign currencies

Receivables and payables originally expressed in foreign currency, entered on the basis of the exchange rates prevailing at the date of transactions, are translated at the rates in force at the closing of the financial statements for the currencies of non-EMU countries. The gains and losses resulting from the translation of receivables and payables are respectively reflected in the Income Statement under item C)17 bis Exchange gains and losses. The exchange gain resulting from the translation is set aside, for the part not absorbed by the loss for the year, as a specific reserve not distributable until realization.

Financial derivative instruments and hedging transactions

Financial derivative instruments are stated at fair value. Changes in the fair value are recognised in the Income Statement, or, if the instrument covers the risk of expected cash flows changes in another financial instrument or in a planned transaction, are booked directly to a positive or negative shareholders' equity reserve; this reserve is recorded in the Income Statement to the extent and at the time the cash flows of the hedged instrument occur or modify or to the extent and at the time the hedging transaction occurs. The fair value, which is positive at the reporting date, is recorded in the item "derivative assets" under financial fixed assets or under current financial assets. The fair value, which is negative at the reporting date, is recorded in the item "derivative liabilities" under provisions for risks and charges.

Forward metal purchase/sale transactions (offset hedge)

The Company faced the management of the metal price risk through entering in contracts directly with the suppliers of raw materials or with financial counterparts. The portion of gain or loss realised on the offset hedge is distributed among the Group companies included in the hedging process. The Company is taking part in the global hedging strategy and records the pertaining portion of the result in the Income Statement as operating income or expense.

BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible assets amounted to € 88,374 (€ 85,701 in the previous financial year).

The break-down and changes in individual items are shown below:

	Concessions, licences, trademarks and similar rights	Other	Total intangible assets
Opening balance			
Historical cost	161,293	188,688	349,981
Accumulated amortisation	126,668	137,612	264,280
Net book value at 31 March 2019	34,625	51,076	85,701
Changes in the period			
Transfers from assets under construction	34,635	0	34,635
Decreases for disposals (historical cost)	16,100	0	16,100
Amortisation for the period	13,072	16,475	29,547
Decreases for disposals (accumulated amortisation)	13,685	0	13,685
Total changes	19,148	-16,475	2,673
Closing balance			
Historical cost	179,827	188,688	368,515
Accumulated amortisation	126,054	154,087	280,141
Net book value at 31 March 2020	53,773	34,601	88,374

The item “Concessions, licenses, trademarks and similar rights” regarded licenses for the use of software. The item “Other” referred to software packages.

Property, plant and equipment

Property, plant and equipment amounted to € 60,256,215 (€ 60,339,157 in the previous financial year).

The break-down and changes in individual items are shown below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances paid	Total property, plant and equipment
Opening balance						
Historical cost	41,758,654	78,474,416	2,796,519	2,135,902	1,411,056	126,576,547
Accumulated depreciation	18,800,377	44,017,380	2,084,225	1,335,408	0	66,237,390
Net book value at 31 March 2019	22,958,277	34,457,036	712,294	800,494	1,411,056	60,339,157
Changes in the period						
Increases for acquisitions/ capitalisation	0	0	0	0	6,405,527	6,405,527
Transfers from assets under construction	136,299	3,053,042	59,829	403,704	-3,652,874	0
Transfers to assets under construction	0	0	0	0	-34,635	-34,635
Decreases for disposals (historical cost)	0	253,173	87,706	53,046	0	393,925
Depreciation for the year	1,100,376	4,805,955	219,870	252,374	0	6,378,575
Decreases for disposals (accumulated depreciation)	0	200,293	85,776	32,597	0	318,666
Total changes	-964,077	-1,805,793	-161,971	130,881	2,718,018	-82,942
Closing balance						
Historical cost	41,894,953	81,274,285	2,768,643	2,486,560	4,129,074	132,553,515
Accumulated depreciation	19,900,753	48,623,042	2,218,320	1,555,185	0	72,297,300
Net book value at 31 March 2020	21,994,200	32,651,243	550,323	931,375	4,129,074	60,256,215

Land was not depreciated in accordance with the accounting principles.
The investments in assets under construction, which occurred during the financial year, have been made in order to maintain productive efficiency, reduce energy consumption and increase the level of safety and environmental protection.
The transfer from assets under construction referred to the above-mentioned investments.

Impairment of assets

As required by the accounting principles, the Directors assessed at the reference date of the financial statements whether any indication exists that a tangible asset or a cash generating unit may be impaired.
After considering the economic trend, the Directors drew-up a five-year financial plan to assess the recoverability of the value of the assets recorded in the financial statements.
On the basis of the estimated future cash flows on a timescale of five years, the recoverability of the recorded values has been deemed probable and therefore no write-down has been needed.

Revaluation/write-down of property, plant and equipment

It should be noted that in the 2009 financial year, pursuant to Legislative Decree 185/2008, land was revalued by € 12,060,895 and buildings were written-down by € 2,046,662.

Financial assets

Equity investments

The equity investments, which have been included under financial assets, amounted to € 3,215 (€ 3,215 in the previous financial year).
In compliance with Art. 2427 bis of the Italian Civil Code, the fair value of equity investments in other companies could not be determined reliably on the basis of the information at disposal. However, it should be specified that these equity investments were not material and could not generate significant impacts on the Company's earnings, capital and financial position.
The outstanding equity investments referred to Consorzio Conai, Consorzio imballaggi Alluminio, Società Gas Intensive.

Trade and other receivables

The amounts due from others included under financial assets were equal to € 404,508 (€ 397,944 in the previous financial year).

CURRENT ASSETS

Inventories

The inventories included under current assets amounted to € 42,941,878 (€ 45,699,044 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Raw materials, supplies & consumables	9,005,807	10,570,926	1,565,119
Work in progress and semi-finished products	17,544,463	15,156,874	-2,387,589
Finished products and goods for resale	19,148,774	17,214,078	-1,934,696
Total	45,699,044	42,941,878	-2,757,166

The decrease in work in progress and finished products was due to the lower sales in the last month of the financial year, as a result of the drop in demand and production related to the extraordinary moment that has been affecting the economy because of the COVID-19 pandemic.

Receivables

The receivables included under current assets amounted to € 24,404,247 (€ 33,230,742 in the previous financial year).

The break-down is shown below:

	Nominal value	Provision for doubtful accounts	Net closing balance	Net opening balance	Change
Trade receivables within 12 months	13,072,511	656,055	12,416,456	20,467,586	-8,051,130
Due from companies under the control of parent companies within 12 months	6,577,491	0	6,577,491	7,102,254	-524,763
Tax receivables within 12 months	354,870	0	354,870	230,552	124,318
Tax receivables after 12 months	2,690,915	0	2,690,915	2,640,008	50,907
Deferred tax assets after 12 months	0	0	0	100,277	-100,277
Due from others within 12 months	2,364,515	0	2,364,515	2,690,065	-325,550
Total	25,060,302	656,055	24,404,247	33,230,742	-8,826,495

The item “Trade receivables” consists of the following:

	Opening balance	Closing balance	Change
Receivables from customers / Unaccepted orders to pay	20,450,092	12,416,456	-8,033,636
Doubtful receivables	798,592	656,055	-142,537
Provision for doubtful accounts – trade	-781,098	-656,055	125,043
Total	20,467,586	12,416,456	-8,051,130

It should be noted that trade receivables have been shown net of the assignment of receivables without recourse; the assigned receivables amounted to € 18,100 thousand at 31 March 2020 (€ 21,756 thousand in the previous financial year).

The change in the item “trade receivables from customers/unaccepted orders to pay” was due to the decrease in sales above all in the last quarter, resulting from the difficult period that has been affecting the economy because of the COVID-19 pandemic.

The provision for doubtful accounts showed the following movement in the course of the financial year:

Opening balance	**781,098**
Utilisation	-232,208
Charge	107,165
Closing balance	**656,055**

Due from parent companies and due from companies under the control of the latter are detailed in the Directors' Report.

The item "Due from companies under the control of parent companies" referred to recharges of costs related to administrative and management services and to sales of semi-finished products to the companies under the control of parent companies.

"Tax receivables" after 12 months reflected the taxes paid in the previous financial years in relation to the disputes with the Revenue Authorities relating to financial years 2005 and 2007 for a total of € 2,511,168 and to the disputes relating to the financial years 2013 and 2014 for a total of € 91,702 paid in the financial year, as well as the ACE receivable to be used (Aiuto alla Crescita Economica i.e. allowance for corporate equity), equal to € 88,045.

"Deferred tax assets" showed the following movement during the financial year:

Opening balance	**100,277**
Reversal of deferred tax liabilities	3,364,990
Reversal of deferred tax assets	-3,465,267
Closing balance	**0**

In relation to the strategic plan outlined previously, the recorded benefit deriving from deferred tax assets, equal to € 3,465,267, being not fully recoverable in a reasonable period of time, was reversed to the Income Statement, also in consideration of the uncertainty deriving from the COVID-19 virus, in compliance with the principle of prudence. Deferred tax liabilities were also reversed to Income Statement, as explained in the section "Deferred taxation".

The item "Due from others" consists of the following:

	Opening balance	Closing balance	Change
Receivables from factoring companies	2,653,903	2,341,064	-312,839
Receivables from employees	31,336	17,106	-14,230
Receivables from social-security institutions	2,710	2,710	0
Other	2,116	3,635	1,519
Total	2,690,065	2,364,515	-325,550

Receivables – break-down by maturity dates

Below is the break-down of the receivables by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	After 12 months	Total
Trade receivables	12,416,456	0	12,416,456
Due from companies under the control of parent companies	6,577,491	0	6,577,491
Tax receivables	354,870	2,690,915	3,045,785
Deferred tax assets	0	0	0
Due from others	2,364,515	0	2,364,515
Total	21,713,332	2,690,915	24,404,247

At 31 March 2020, there were no receivables with maturity after 5 years.

Receivables – break-down by geographical area

Below is the break-down of the receivables included under current assets by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Trade receivables	7,247,113	4,684,453	164,754	197,080	123,056	12,416,456
Due from companies under the control of parent companies	0	1,518,214	391,136	0	4,668,141	6,577,491
Tax receivables	3,045,785	0	0	0	0	3,045,785
Due from others	23,451	2,341,064	0	0	0	2,364,515
Total	10,316,349	8,543,731	555,890	197,080	4,791,197	24,404,247

Current financial assets

The item, equal to € 1,043,348 (€ 953,832 in the previous financial year) reflected the valuation of financial derivative instruments with a positive fair value, entered into with Novelis AG. For further information, please refer to the section “Financial instruments” in Other information.

Cash and cash equivalents

The cash and cash equivalents included in current assets totalled € 3,865,611 (€ 4,355,941 in the previous financial year). The balance included € 3,844,761, not available as a consequence of the factoring contract.

ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses amounted to € 451,924 (€ 225,860 in the previous financial year).

This item includes income and expenses related to prior or subsequent periods without considering the date of payment or collection of the relative income and charges.

At 31 March 2020, there were no accruals and deferrals with a duration of more than five years.

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Prepaid expenses – insurance	109,244	293,880	184,636
Prepaid expenses - EDP costs	18,078	13,366	-4,712
Prepaid expenses – commercial information	12,825	12,825	0
Sundry	85,713	131,853	46,140
Total	225,860	451,924	226,064

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

The Shareholders' equity at the end of the financial year was equal to € 60,440,372 (€ 63,801,212 in the previous financial year).

The changes in Shareholders' equity are provided in the following table:

	Share capital	Legal reserve	Other reserves	Retained earnings (accum. losses) carried forward	Net income (loss) for the year	Total
31/03/2017	96,000,000	656,109	10,000,000	-40,262,532	-867,306	65,526,271
Allocation of the result				-867,306	867,306	0
Result for the year 2017/18					-1,446,861	-1,446,861
31/03/2018	96,000,000	656,109	10,000,000	-41,129,838	-1,446,861	64,079,410
Allocation of the result				-1,446,861	1,446,861	0
Result for the year 2018/19					-278,198	-278,198
31/03/2019	96,000,000	656,109	10,000,000	-42,576,699	-278,198	63,801,212
Allocation of the result				-278,198	278,198	0
Share capital reduction pursuant to Art. 2446 of the Italian Civil Code	-42,144,000	-656,109	0	42,800,109	0	0
Result for the year 2019/20					-3,461,116	-3,461,116
31/03/2020	53,856,000	0	10,000,000	-54,788	-3,461,116	60,340,096

The Shareholders' meeting of 30 April 2019 resolved to carry forward the net loss of € 278,198.
As it results from the Financial Statements as of 31 March 2019, the accumulated losses, which had been already carried forward, amounted to € 42,576,699; these losses, together with the loss for the year, had exceeded one third of the share capital totalling € 42,854,897. Therefore, it was necessary to adopt the measures provided for by Art. 2446 of the Italian Civil Code.
The extraordinary Shareholders' Meeting of 30 April 2019 resolved to cover the total loss of € 42,854,897 through the allocation of € 656,109 to legal reserve and through the share capital reduction of € 42,144,000 by bringing the nominal value of shares from € 1,000 to € 561 each; it was also resolved to carry forward the residual loss of € 54,788 as being justified by the fact that it is functional to facilitate the accounting calculation of the same loss by keeping the shareholder ownership percentages unchanged.

Availability and utilisation of the Shareholders' equity items

Below is given the information required by Art. 2427 point 7-bis of the Italian Civil Code regarding the Shareholders' equity items, broken-down by origin, possibility of utilisation, possibility of distribution and the uses made in the previous financial years:

Description	Amount	Possible utilisation (*)	Available portion	Distributions made in the 3 previous periods for loss coverage	Distributions made in the 3 previous periods for other reasons
Share capital	96,000,000			0	0
Legal reserve	656,109	B		0	0
Other reserves	10,000,000	A,B	10,000,000	0	0
Retained earnings (accum, losses) carried forward	-42,854,897		0	0	0
Total	**63,801,212**		**10,000,000**	**0**	
Non-distributable portion			**10,000,000**		
Remaining non-distributable portion			**0**		

(*) A = for capital increase; B = for loss coverage; C = for distribution to shareholders

Below is provided the information required by Art. 2427, point 17 of the Italian Civil Code relating to the data on the shares making up the Company's share capital, the number and the nominal value of the shares subscribed in the year:

Description	Nominal value	Number of shares at the beginning of financial year	Value of shares at the end of financial year
Ordinary shares	1,000	60,000	561
Preferred shares	1,000	36,000	561
Total	**1,000**	**96,000**	**561**

With deed of 30 April 2019, the Shareholders Novelis Deutschland GmbH and Novelis Europe Holdings Limited gave as pledge the Company's shares in favour of third parties lenders, for a value of € 53,856,000.

PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges were recorded under liabilities for € 5,929,420 (€1,814,081 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Charge for the year	Utilisation	Closing balance
Retirement benefit obligations	441,631	5,725	42,474	404,882
Derivative liabilities	1,058,166	4,142,228	0	5,200,394
Others:				
Provision for sales returns	157,666	134,798	124,938	167,526
Provision for restructuring	0	599,844	599,844	0
Provision for sundry risks	156,618	0	0	156,618
Total	1,814,081	4,882,595	767,256	5,929,420

The item “Retirement benefit obligations” was made up by the provisions to cover indemnities in case of termination of agency relationship.

The item “Derivative liabilities”, equal to € 5,200,394 reflected the valuation of derivative contracts with a negative fair value, entered into with Novelis AG. For further information, please refer to the section “Financial instruments” in Other information.

The “Provision for sales returns” reflected the estimate of the liabilities deriving from the credit notes that the Company shall issue against the return goods for sundry complaints.

The charge relating to the “Provision for restructuring” for costs of unemployment benefits deriving from the agreements made was utilised in the course of the financial year.

STAFF LEAVING INDEMNITY (TFR)

The staff leaving indemnity was recognised under liabilities for a total amount of € 2,616,321 (€ 3,050,361 in the previous financial year).

The changes of the item are shown below:

	Opening balance	Charge for the year	Utilisation	Transfers to pension funds	Closing balance
Staff leaving indemnity	3,050,361	1,217,090	482,516	1,168,614	2,616,321

The transfer to the pension funds took place in compliance with the regulations in force (Law no. 296 of 27 December 2007).

PAYABLES

Payables were recorded under liabilities for a total of € 64,573,483 (€ 76,625,782 in the previous financial year).

The break-down of the individual items is shown as follows:

	Opening balance	Closing balance	Change
Other financial debt	4,349,570	4,136,846	-212,724
Trade payables	35,008,031	30,765,661	-4,242,370
Due to parent companies	115,356	205,341	89,985
Due to companies under the control of parent companies	31,175,931	25,177,867	-5,998,064
Tax payable	1,050,536	285,466	-765,070
Due to insurance and pension institutes	1,704,288	1,301,420	-402,868
Other payables	3,222,070	2,700,882	-521,188
Total	76,625,782	64,573,483	-12,052,299

The item “Other financial debt” reflected the payable for collections to be transferred to the factoring company.

“Trade payables” were stated net of trade discounts; cash discounts were instead recorded upon payment. The nominal value of these payables has been adjusted, on the occasion of returns or rebates (invoicing adjustments), to the amount set with the counterpart.

The item “Due to companies under the control of parent companies”, equal to € 25,177,867 is composed by:

	Opening balance	Closing balance	Change
Cash pooling payables to companies under the control of parent companies	10,786,951	8,517,494	-2,269,458
Due to companies under the control of parent companies	20,388,980	16,660,373	-3,728,606
Total	31,175,931	25,177,867	-5,998,064

Since October 2011 the Company has been adhering to the group cash-pooling managed by the related concern Novelis AG.
The related credits and debits have been remunerated at market rates and governed by a specific contract.

Due to parent companies and due to companies under the control of the latter are detailed in the Directors’ Report.

In the item “Tax payable within 12 months” were recorded payables to Tax authorities for source withheld taxes.

The item “Other payables” consists of:

	Opening balance	Closing balance	Change
Payables to employees for vacations accrued, year-end bonus, fourteenth-month pay, bonuses	2,576,533	2,067,927	-508,606
Others	508,447	515,283	6,836
Payables towards Statutory Auditors for emoluments	137,090	117,672	-19,418

Total	3,222,070	2,700,882	-521,188

Payables – break-down by maturity dates

Below is the break-down of payables by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	Total
Other financial debt	4,136,846	4,136,846
Trade payables	30,765,661	30,765,661
Due to parent companies	205,341	205,341
Due to companies under the control of parent companies	25,177,867	25,177,867
Tax payable	285,466	285,466
Due to insurance and pension institutes	1,301,420	1,301,420
Other payables	2,700,882	2,700,882
Total	64,573,483	64,573,483

Payables – break-down by geographical area

Below is the break-down of payables by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Other financial debt	0	4,136,846	0	0	0	4,136,846
Trade payables	20,677,980	2,897,336	2,061,467	5,110,276	18,602	30,765,661
Due to parent companies	0	0	0	0	205,341	205,341
Due to companies under the control of parent companies	0	11,626,200	13,551,667	0	0	25,177,867
Tax payable	285,466	0	0	0	0	285,466
Due to insurance and pension institutes	1,301,420	0	0	0	0	1,301,420
Other payables	2,700,882	0	0	0	0	2,700,882
Total	24,965,748	18,660,382	15,613,134	5,110,276	223,943	64,573,483

ACCRUED LIABILITY AND DEFERRED INCOME

There were no accrued liability and deferred income at 31 March 2020.

INCOME STATEMENT

For the comments on the trend of operating income and expenses, please refer to the Directors' Report.

VALUE OF PRODUCTION

	Prior period	Current period	Change
Revenues from sales and rendering of services	213,973,552	233,277,409	19,303,857
Change in inventories	3,227,259	-4,322,285	-7,549,544
Other revenues and income	8,378,499	3,462,094	-4,916,405
Total	225,579,310	232,417,218	6,837,908

Revenues from sales and rendering of services – Break-down by type of activities

The following table contains the break-down of revenues by type of activities in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Sale of products	210,221,159	229,683,958	19,462,799
Sale of goods	3,752,393	3,592,958	-159,435
Sale of ancillary materials	0	493	493
Total	213,973,552	233,277,409	19,303,857

The table shows an increase in the sale of products as better outlined in the Directors' Report.

Revenues from sales and rendering of services - Break-down by geographical area

The following table contains the break-down of revenues by geographical area in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Italy	82,053,458	82,417,678	364,220
Other EU countries	113,840,468	111,842,180	-1,998,288
Rest of Europe	6,570,080	5,202,695	-1,367,385
Africa and Middle East	3,757,862	1,943,323	-1,814,539
Asia	579,540	212,779	-366,761
America and Canada	7,172,144	31,658,754	24,486,610
Total	213,973,552	233,277,409	19,303,857

Intra-group sales are outlined in the Directors' Report.

Other revenues and income

Other revenues and income were recorded under Value of production in the Income Statement for a total of € 3,462,094 (€ 8,378,499 in the previous financial year).

The break-down of the individual items is shown below:

	Prior period	Current period	Change
Services to Group companies	7,623,698	2,963,072	-4,660,626
Reimbursement of expenses	77,373	67,172	-10,201
Grants related to income	0	10,452	10,452
Prior-year over-accruals	624,053	340,591	-283,462
Sundry revenues and income	53,375	80,807	27,432
Total	8,378,499	3,462,094	-4,916,405

“Services to Group companies” included € 2 million for Market assistance fees, this year acknowledged by Novelis Inc. (€ 6 million in the previous financial year).

PRODUCTION COSTS

	Prior period	Current period	Change
Raw, ancillary and consumable materials	158,459,802	166,900,606	8,440,804
Costs of services	31,699,371	33,472,822	1,773,451
Leases and rentals	1,144,596	1,099,208	-45,388
Wages and salaries	17,805,026	17,102,565	-702,461
Social security contributions	6,907,569	6,592,479	-315,090
Staff leaving indemnity	1,411,367	1,217,090	-194,277
Other personnel costs	546,642	808,685	262,043
Amortisation of intangible assets	41,773	29,547	-12,226
Depreciation of property, plant and equipment	6,357,969	6,378,575	20,606
Write-downs of receivables included under current assets	30,922	107,165	76,243
Change in inventories of raw materials	308,404	-1,565,119	-1,873,523
Provisions for risks	45,000	0	-45,000
Other operating expenses	2,076,571	1,096,707	-979,864
Total	226,835,012	233,240,330	6,405,318

Raw, ancillary and consumable materials

The item “Raw, ancillary and consumable materials” included the purchases with the Group companies (Novelis Deutschland GMBH, Novelis Switzerland SA and Novelis PAE), as reported in the Directors’ Report.

Costs of services

Costs of services were recognised under Production costs in the Income Statement for a total of € 33,472,822 (€ 31,699,371 in the previous financial year).

The break-down of the item is as follows:

	Prior period	Current period	Change
Purchases of services	3,650,773	3,550,862	-99,911
Transport	4,849,260	5,446,917	597,657
External processes	1,335,498	1,212,078	-123,420
Electric power	4,687,707	4,844,026	156,319
Gas	3,961,817	4,103,598	141,781
Water	183,156	156,259	-26,897
Maintenance and repair costs	3,296,033	3,267,742	-28,291
Technical counselling and services	9,926	4,000	-5,926
Emoluments to Statutory Auditors and Independent Auditors	195,670	141,343	-54,327
Commission expense	440,607	409,067	-31,540
Advertising	24,625	10,005	-14,620
Legal expenses and advice	99,756	115,364	15,608
Tax, administrative and commercial advice	109,698	84,682	-25,016
Telephone expenses	12,674	9,847	-2,827
Insurance	317,648	419,463	101,815
Entertainment expenses	1,340	538	-802
Travelling expenses	316,494	333,768	17,274
Refresher and training expenses	112,139	33,228	-78,911
Severance indemnity	8,316	5,725	-2,591
Other	8,086,234	9,324,310	1,238,076
Total	31,699,371	33,472,822	1,773,451

The item “Other” included the services supplied by the Group companies, as outlined in the Directors’ Report.

Leases and rentals

Leases and rentals were recognised under Production costs in the Income Statement for a total of € 1,099,208 (€1,144,596 in the previous financial year).

The break-down of the items is shown below:

	Prior period	Current period	Change
Rents and leases	248,147	247,099	-1,048

Leasing	896,449	852,109	-44,340
Total	1,144,596	1,099,208	-45,388

Personnel costs

Personnel costs were recognised under Production costs in the Income Statement for a total of € 25,720,819 (€ 26,670,604 in the previous financial year).

This item comprised all subordinate employee costs, including merit payments, promotions, cost-of-living increases, cost of untaken holidays and provisions allocated as required by law and collective agreements.

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment were recorded under Production costs in the Income Statement for a total of € 6,408,122 (€ 6,399,742 in the previous financial year).
As to depreciation, take note that it has been calculated based on the asset's useful life and its use in the production phase.

Other operating expenses

Other operating expenses were recognised under Production costs in the Income Statement for €1,096,708 (€ 2,076,571 in the previous financial year).

The break-down of the item is shown below:

	Prior period	Current period	Change
Stamp duties	1,144	948	-196
IMU (Municipal property tax)	414,865	403,088	-11,777
Registration tax	1,220	822	-398
Chamber of Commerce dues	4,105	5,458	1,353
Losses on receivables	1,055	19,238	18,183
Prior-year charges and losses	1,106,013	558,955	-547,058
Capital losses on assets	223,925	77,673	-146,252
Miscellaneous	324,244	30,525	-293,719
Total	2,076,571	1,096,707	-979,864

FINANCIAL INCOME AD CHARGES

Interest and other financial charges

The following table contains the analysis of "Interest and other financial charges" in accordance with Art. 2427, para. 1, point 12 of the Italian Civil Code:

	Prior period	Current period	Change
Related to companies under the control of parent companies	188,540	106,649	-81,891
Others:			

Related to bank borrowings	11	3	-8
Other charges	233,841	238,878	5,037
Total	422,392	345,530	-76,862

Interest related to the companies under the control of parent companies reflected the cash-pooling debit position, while other financial charges referred to interest and fees related to factoring.

Exchange gains and losses

Below is given the information regarding the break-down of exchange gains and losses deriving from valuation at year-end and those actually realised:

	Prior period	Current period	Change
Exchange gains	630,722	533,456	-97,266
Exchange losses	478,105	500,450	22,345
Total	152,617	33,006	-119,611

The amount of unrealised exchange gains at 31 March 2020 was not significant.

CURRENT AND DEFERRED INCOME TAXES FOR THE YEAR

The composition of the individual items is tabled below:

	Prior period	Current period	Change
Current taxes:			
IRES *(Corporate Income Tax)*	0	0	0
IRAP *(Regional tax on productive activities)*	46,438	15,144	-31,294
Prior years' taxes	7,578	-40,617	-48,195
Deferred tax assets and liabilities	0	100,277	100,277
Total	54,016	74,804	20,788

Deferred taxation

The following table summarises the deferred taxes recognised in the previous financial periods in relation to the income temporary differences reversing from the taxable period starting on April 1st, 2019 onwards.

	Prior period: Temporary differences	Prior period: Tax effect IRES (24%)+ IRAP (3.9%)	Current period: Temporary differences	Prior period: Tax effect IRES (24%)+ IRAP (3.9%)
Net deferred tax assets:				
Deferred tax assets - Tax losses	14,438,612	3,465,267	0	0
Deferred tax liabilities – 2008 land revaluation	12,060,894	3,364,990	0	0
Total	2,377,717	100,277	0	0

For the sake of providing complete information, below are tabled deferred tax assets and liabilities recognised in the accounts (shown above) and the theoretical deferred tax assets and liabilities (i.e. not recognised in the financial statements) according to the schedule proposed by OIC.

Theoretical deferred tax assets and liabilities and related effects

Description	Temporary differences at the beginning of the year	Tax decreases	Tax increases	Temporary differences at the end of the year	Theoretical fiscal effect on final temporary differences	
					IRES 24%	IRAP 3.90%
Deferred tax assets:						
Provisions for risks and charges and other temporary changes	365,837	-904,471	863,425	324,791	77,950	8,835
Costs fiscally deductible in future financial years	69,009	0	0	69,009	16,562	2,691
Provision for doubtful accounts	723,210	-201,286	70,594	592,518	142,204	0
TOTAL DEFERRED TAX ASSETS	**1,158,055**	**-1,105,757**	**934,019**	**986,318**	**236,716**	**11,527**
Deferred tax liabilities:						
Revaluation	12,060,894	0	0	12,060,894	-2,894,615	-470,375
TOTAL DEFERRED TAX LIABILITIES	**12,060,894**	**0**	**0**	**12,060,894**	**-2,894,615**	**-470,375**
TOTAL NET	**-10,902,839**	**-1,105,757**	**934,019**	**-11,074,576**	**-2,657,898**	**-458,848**
Tax losses that can be carried forward:						
Tax losses available to a limited extent	39,316,373	-61,172	3,267,457	42,522,657	10,205,438	0
Tax losses available to a full extent	10,306,933	-15,276	0	10,291,657	2,469,998	0
Total tax losses that can be carried forward	**49,623,305**	**-76,448**	**3,267,457**	**52,814,314**	**12,675,435**	**0**

With regard to the movement of the tax losses, that can be carried forward, it should be noted the following.

The decrease in tax losses, equal to € 76,448, reflected the adjustment made in the tax-return (Unico 2019) on the prior fiscal year's tax losses.

The increase in tax losses, equal to € 3,267,457, reflected the tax loss for the period.

Deferred tax assets

Deferred tax assets were not recognised for prudential reasons in the amount of € 248,243 (made up of €236,716 and € 11,527).

With regard to "total tax losses that can be carried forward" shown in the schedule (€ 52,814,314), it should be noted that no deferred tax assets were recognised for prudential reasons, though they can be carried forward without timing limitation.

Deferred tax liabilities

At the end of the financial year as at 31 March 2009, deferred tax liabilities were recognised in the amount of € 3,364 thousand, in relation to the revaluation made, pursuant to Legislative Decree 185/2008, on the revalued land.

We have come to consider this accounting record as wrong, since the conditions relating to the taxation of the revalued land were not met and consequently deferred tax liabilities did not have to be recorded.

Therefore, it has been necessary to reverse this amount to the Income Statement for the year as provided for by OIC 29.

Tax charge reconciliation

In order to allow a reconciliation between the tax charge from the accounts and the theoretical tax charge, in accordance with the appropriate accounting principles (OIC document no. 25) below are reported the differences relevant to IRES and IRAP purposes.

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRAP)			
Difference between production value and cost		**(823,112)**	
Costs not relevant to Irap purposes	25,827,984		
Total		**25,004,872**	
Theoretical tax charge (3.9% tax rate)			975,190
Temporary differences:			
- Deductible in subsequent years:			
Charge to the provision for risks and charges	134,798		
Other costs	0		
Tot.		134,798	
- Taxable in subsequent years:			
Tot.		-	
Reversal from previous years:			
Release from provision for risks and charges	(357,146)		
Release from other provisions	0		
Tot.		(357,146)	
Permanent differences:			
- For the year:			
Losses on receivables	251,446		
IMU (Municipal property tax)	370,767		
Other non-deductible items	309,222		
Other non-deductible costs	14,543		
Other decreases	(15,310)		
Tot.		930,667	
Gross taxable income (tax loss)		**25,713,192**	
Tax wedge	(24,524,891)		
Net taxable income		**1,188,300**	
Current IRAP tax for the period			**46,344**
ACE receivables (amounts paid-in for future capital increase)	10,000,000	Aliquota 1.3% al 24%	(31,200)
Total IRAP tax for the period			**15,144**

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRES)			
Pre-tax result (loss)		**(3,461,116)**	
Theoretical tax charge (27.5% tax rate)			**-**
Temporary differences:			
- Deductible in subsequent years:			
Charge to the provision for risks and charges	863,425		
Charge to the provision for doubtful accounts	43,628		
Other costs	-		
		907,054	
- Taxable in subsequent years:			
Tot.		-	
Reversal from previous years:			
Release from provision for risks and charges	(935,471)		
Release from provision for doubtful accounts	(201,286)		
Release from deferred tax assets	100,277		
Tot.	-	(1,036,480)	
Permanent differences:			
- For the year :			
non-deductible amortisation/depreciation	0		
Telephone expenses	34,449		
Travelling expenses	50,065		
Non-deductible tax and duties	370,767		
Prior-year operating costs	167,655		
Other non-deductible costs	14,543		
Staff indemnity leaving (TFR)	(46,745)		
Prior years' taxes	(86,787)		
10% Irap deduction	0		
Deductible Irap related to personnel costs	(41,821)		
20% recovery related to IMU (*Municipal property tax*)	(185,383)		
expenses and other items not deducted in prior years	0		
Income taxes for the year	46,344		
Tot.		323,086	
Gross taxable income (tax loss)		**(3,267,456)**	
Tax losses that can be carried forward from prior years	49,546,857		
Net taxable income (tax losses that can be carried forward)		**(52,814,313)**	
Current IRES income tax for the year			**-**

OTHER INFORMATION

Employment data

The average size of the Company's workforce, broken-down by category, recorded the following changes compared to the previous financial year:

Staff	2020 FY	2019 FY
Executives	6	7
Office workers	131	132
Manual workers	237	232
Fixed-term contracts (manual workers)	23	24
Total	**397**	**395**

The relevant national labour contract in force is the contract applicable to the metal and mechanical industry.

Remuneration to the Corporate bodies

The compensation given to the Board of Statutory Auditors, equal to € 64,750, remained unchanged from the previous financial year.

Directors were not entitled to any compensation being all employed by the Novelis Group.

Fees to the auditing firm

Below is reported the information concerning the fees due to the auditing firm, pursuant to Art. 2427 para. 1, point 16 bis of the Italian Civil Code:

Description	Prior period	Current period	Change
Legal audit of the accounts	68,000	63,000	-5,0000
Services other than the legal audit	41,000	14,000	-27,000
Total	**109,000**	**77,000**	**-32,000**

Information on exceptional costs and revenues

The Company, in the course of the financial year, did not record any exceptional costs and revenues as contemplated by Art. 2427, para. 1, point 13 of the Italian Civil Code.

Financial instruments

Pursuant to Art. 2427-bis, para. 1, point 1) of the Italian Civil Code, below are provided the fair value and the information on the entity and nature of the outstanding transactions related to the exchange rate risk management and to the metal price risk management (Fixed Forward Price):

Type of contract	Currency	Amount in currency	Amount in Euro	Positive FV	Negative FV	Total FV in Euro
Purchase	USD	53,587,169	48,911,253	1,035,209	(15,671)	1,019,538
Sale	USD	10,676,786	9,745,150	-	(126,235)	(126,235)
Sale	GBP	260,651	294,046	8,139	-	8,139
				1,043,348	**(141,906)**	**901,442**

Type of contract	Tons	Amount in currency (USD)	Amount in Euro	Positive FV	Negative FV	Total FV in Euro
Purchase of met	25,847	47,736,871	43,571,441	-	**(5,058,488)**	**(5,058,488)**

The counterpart of the above-mentioned transactions is the company Novelis AG, which is subject to the control of the parent companies.

Positive and negative balances related to the forward contracts outstanding at 31 March 2020 and valued as hedging instruments were recorded respectively in the Balance Sheet items “Derivative assets” under Current financial assets and “Derivative liabilities” under Provisions for risks and charges.

Commitments, guarantees and potential liabilities

Guarantees in favour of third parties – there have been securities for € 6 thousand.

Contingent liabilities

With regard to the main tax assessments received and to the pending litigation concerning direct and indirect taxes, it should be noted the following.

2005 taxable period (financial year closed as at 31.12.2005)

As already outlined in the Notes to the Financial Statements of the previous financial year, in the course of 2013 the Company was unsuccessful in the appeal – filed by the Revenue Authorities before the Milan Provincial Tax Commission – in relation to the notice of assessment for VAT pertaining to the 2005 taxable period (€ 263,853 plus interest and penalties).

Against this judgment of second instance, the Company filed:

- an appeal to the Court of Cassation;
- an appeal for partial revocation to the Milan Provincial Tax Commission.

The Milan Provincial Tax Commission upheld the appeal for revocation of the judgment of second instance filed by the Company, thereby cancelling the notice of assessment in the amount € 167,804 for taxes (plus

any related interest and penalties). It should be noted that the revocation judgment in favour of the Company became final, given that the Revenue Authorities had not filed any appeal to the Court of Cassation within the deadline provided for by the law.

The judgment of the Commission was declared, on the basis of the opinion expressed by an expert, voidable for vices that may be brought before the Court of Cassation.

Consequently, the Company – which in any case has been waiting for a hearing before the Court of Cassation – has not set aside any provisions for risks.

The Company completed the instalment payment plan for the amount not covered by the revocation and for which an appeal was made to the Court of Cassation.

2007 taxable period (financial year closed as at 31.12.2007)

A notice of assessment for the 2007 taxable year was served in relation to the IRES tax (€ 841,043), IRAP tax (€ 108,626), VAT (€ 509,722), withholdings on interest (€ 17,825), as well as penalties and interest for €2,440,370.

With regard to this assessment, the Company filed an appeal to the Milan Provincial Tax Commission, which was upheld in full.

Against this favourable judgement, the Revenue Authorities appealed to the Milan Provincial Tax Commission. The Company thus appeared before the judge by presenting its counter-deductions to the Milan Provincial Tax Commission on 11 April 2014.

The judgement of second instance, unfavourable to the Company, was challenged before the Court of Cassation.

On 22 April 2015, the Company received a notice from Equitalia (Italian State owned *tax collection* agency) requiring a payment of € 2,227,601.

The Company filed an appeal to suspend the collection, which was instead rejected by the Milan Provincial Tax Commission.

Consequently, the Company paid by instalments the requested amounts, which have been recorded in the item “Tax receivables”, pending the judgment of the Court of Cassation, since the Company is deemed to have valid defensive arguments.

Taxable period closed as at 31 March 2013 (2012 calendar year)

On 21 November 2017 the Revenue Authorities served a notice of assessment concerning the non-application of withholdings on royalties for the 2012 calendar year for an amount of € 149,706, in addition to penalties (€ 164,677) and interest (€ 32,058). The Company appealed against the said notice of assessment. Moreover, the Company filed an appeal to suspend the proceedings in order to settle the dispute in a facilitated way pursuant to Art. 6 of Legislative Decree 119/2018, with the payment of €149,706 corresponding to the higher taxes assessed and it has been waiting for this possible agreement. The Company arranged to set aside a specific amount in the Financial Statements as at 31 March 2019. On 29 May 2019, the Company sent electronically the request to settle the dispute in a facilitated way to the Revenue Authorities, also paying € 73,436.60 equal to 90% of the higher taxes ascertained, net of the amount already paid provisionally after filing the appeal (149,706 * 90% - 61,298.80). The Company filed, pursuant to paragraph 10, of Art. 6, Legislative Decree 1149/2018, the request to suspend the proceedings until 31 December 2020.

Taxable period closed as at 31 March 2014 (2013 calendar year)

On 3 August 2018, the Revenue Authorities served a notice of assessment concerning the non-application of withholdings on royalties for the 2013 calendar year for an amount of € 99,304, in addition to penalties (€120,158) and interest (€ 17,054). The Company appealed against the said notice of assessment.
Pending the appeal, the Company, as provided for by the regulations in force, on 16 September 2019, paid 1/3 of the assessed tax plus interest and collecting fees for an amount of about € 42 thousand (recorded in the item "Tax receivables"). The hearing was held on 14 November 2019. The judgment no. 621,

unfavourable to the Company, was filed on 21 February 2020. The Company will appeal against this judgment within the law terms.

Taxable period closed as at 31 March 2015 (2014 calendar year)

The Revenue Authorities served, on 18 July 2019, a notice of assessment concerning the non-application of withholdings on royalties for the 2014 calendar year for an amount of € 114,633, in addition to penalties (€ 138,706) and interest (€ 22,901). The Company appealed against the said notice of assessment. Pending the appeal, the Company, as provided for by the regulations in force, paid 1/3 of the assessed tax plus interest and collecting fees for an amount of about € 49 thousand (recorded in the item "Tax receivables"). The hearing for the dispute was held on 6 February 2020 and the Company has been waiting for the publication of the judgment.

Taxable period 01/04/2014 – 31/03/2015

Assessment 1

On 20 June 2018, the Company received a notice of assessment relating to the re-determination of the losses available to a full extent, reducing them from € 10,827,009 to € 4,226,768.
The Company filed an appeal, deeming this notice to be unfounded as it does not take into account the effects of the favourable judgment on the 2006 taxable year. The hearing for the dispute was held on 20 June 2019. During the hearing, the Revenue Authorities accepted a partial tax relief in respect of the assessment notice by acknowledging the losses relating to the 2006 dispute, which had ended in favour of the Company (with the judgment becoming final). The non-cancelled part of the notice (corresponding to €2,548,614 of losses) was discussed before the Judges. The Milan CTP (Expert appointed by the Party) issued the judgment on 21 October 2019 whereby it has been declared:

- to terminate the dispute for the part already cancelled by the Revenue Authorities;
- to postpone the judgment on the remaining part (losses of € 2,548,614), pending the judgment of the Court of Cassation on the year 2007.

Assessment 2

On 25 July 2019, the Company received a new notice of assessment from the Revenue Authorities regarding the undue deduction of the depreciation charge for a negligible amount of some € 140. In the scope of this notice of assessment, the Office, while recalculating the accumulated losses, did not recognise € 2,548,614 of losses linked to the assessment referred to in the previous point.

The Company filed an appeal. The hearing for the dispute was held on 6 February 2020 and the Company has been waiting for the publication of the judgment.

Related party transactions

In order to ensure a correct transparency in the accounts, it should be noted that, in the financial year under review, related party transactions were carried out at arm's length. For further information on the related parties, please refer to the Directors' Report.

Information on government grants

The Company did not receive, during the financial year, any government grants from the national public administration for services that have not been performed within the business ordinary activities, nor has it signed assignments against payment with the same counterpart that are not related to the aforementioned activity.

With reference to subsidies, grants and economic benefits of any kind provided by the public administration, there were no collections for the current year.

This section has been prepared to also fulfil the disclosure obligations contemplated by Law no. 124, Art. 1, para. 125-129 of 4 August 2017.

Agreements not resulting from the Balance Sheet

The Company had no agreements in place not resulting from the Balance Sheet, which may have a significant impact on the financial position and results of operations of the Company pursuant to Art. 2427, para. 1, point 22-Ter of the Italian Civil Code.

Significant events subsequent to year-end

No significant events occurred after the year end, except for the situation linked to the spread of the COVID-19 pandemic in Italy, in Europe and all over the world.

For a more comprehensive analysis of any possible impact on the Company, please refer to the Directors' Report.

These Financial Statements, comprising the Balance Sheet, the Income Statement, the Cash Flow Statement and these Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year ended 31 March 2020, and are in agreement with the accounting records.

Allocation of the result for the year and loss coverage

The following resolution has been proposed:

the Shareholders' Meeting, having heard the Board of Directors' remarks and taken due note of the Independent Auditor's Report and the Report of the Board of Auditors, unanimously resolved to approve:

- the Financial Statements as at 31 March 2020 and the Directors' Report, as well as the proposal to carry forward the loss of € 3,461,116.

Cesare Galè
Member of the Board of Directors
Bresso, 28 April 2020