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Novelis do Brasil Ltda.

Financial statements at March 31, 2020 and independent auditor's report

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Independent auditor's report

To the Management and Quotaholders
Novelis do Brasil Ltda.

Opinion

We have audited the accompanying financial statements of Novelis do Brasil Ltda. ("Company"), which comprise the balance sheet as at March 31, 2020 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Novelis do Brasil Ltda. as at March 31, 2020, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Novelis do Brasil Ltda.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud could involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions could cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, May 13, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcelo Orlando
Contador CRC 1SP217518/O-7

Novelis do Brasil Ltda.

Balance sheet at March 31

All amounts in thousands of Reais (A free translation of the original in Portuguese)

Assets	2020	2019
Current assets		
Cash and cash equivalents (Note 6)	1,251,671	1,364,054
Trade receivables (Note 8)	1,048,613	1,239,888
Receivables from related parties (Note 22)	30,199	34,884
Inventory (Note 9)	734,444	584,225
Taxes recoverable	13,754	25,162
Financial instruments (Note 7)	503,401	129,327
Other receivables	106,374	66,897
	3,688,456	3,444,437
Non-current assets held for sale (Note 10 (a))	16,568	12,418
Total current assets	3,705,024	3,456,855
Noncurrent assets		
Long-term receivable		
Taxes recoverable	97,080	52,721
Judicial deposits (Note 13)	18,048	19,824
Financial instruments (Note 7)	34,225	6,654
Other receivables	22,079	52,617
	171,432	131,816
Investments	2	2
Intangible assets	13,164	5,480
Right-of-use assets	13,892	
Property, plant and equipment (Note 10)	4,251,345	3,071,903
Total non-current assets	4,449,835	3,209,201
Total assets	8,154,859	6,666,056

Liabilities and equity	2020	2019
Current liabilities		
Trade payables (Note 11)	391,583	469,414
Trade payables – reverse factoring (Note 11 (a))	355,398	346,251
Other payables (Note 11 (b))	278,623	245,934
Borrowing (Note 12)	314,301	690
Loans with related parties (Note 12)	17,736	17,598
Salaries, provisions and social charges	56,584	51,892
Current income tax and social contribution payable	213,927	63,933
Other taxes and contributions payable	73,154	70,403
Tax refinancing (Note 14)	31,041	30,183
Financial instruments (Note 7)	835,856	149,840
Provision for contingencies (Note 13)	7,405	7,289
Payables to related parties (Note 22)	38,624	14,266
Advances from customers	2,930	2,806
Lease liability	9,672	
Other liabilities (Note 23)	190,635	211,417
Total current liabilities	2,817,469	1,681,916
Noncurrent liabilities		
Loans with related parties (Note 12)	489,056	489,050
Borrowing (Note 12)	20,624	16,251
Deferred income tax and social contribution (Note 15)	972,855	599,187
Tax refinancing (Note 14)	111,229	138,337
Financial instruments (Note 7)	68,353	11,323
Provision for contingencies (Note 13)	88,134	83,290
Lease liability	4,141	
Other liabilities (Note 23)	91,101	62,308
Total non-current liabilities	1,845,493	1,399,746
Total liabilities	4,662,962	3,081,662
Equity		
Quota capital (Note 16)	958,528	958,528
Carrying value adjustments	2,137,331	1,391,820
Retained earnings	268,840	754,474
Reserve	127,198	479,572
Total equity	3,491,897	3,584,394
Total liabilities and equity	8,154,859	6,666,056

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

Novelis do Brasil Ltda.

Statement of income
Years ended March 31
All amounts in thousands of Reais (A free translation of the original in Portuguese)

	2020	2019
Net revenue (Note 17)	**7,737,051**	**7,806,024**
Cost of sales (Note 19)	(5,905,355)	(6,219,176)
Gross profit	**1,831,696**	**1,586,848**
Selling expenses (Note 19)	(35,382)	(33,664)
Administrative expenses (Note 19)	(98,594)	(93,766)
Other expenses, net (Note 18)	(203,904)	(215,380)
Operating profit before finance results	**1,493,816**	**1,244,038**
Finance results, net (Note 20)	(226,435)	(171,570)
Foreign exchange gain/losses and indexation credits/charges, net (Note 21)	232,722	146,720
Net finance income	**6,287**	**(24,850)**
Profit before taxation	**1,500,103**	**1,219,188**
Income tax and social contribution		
Current (Note 15)	(521,100)	(414,100)
Deferred (Note 15)	(226,298)	(28,035)
Profit for the year	**752,705**	**777,053**

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

Novelis do Brasil Ltda.

Statement of comprehensive income
Years ended March 31
All amounts in thousands of Reais (A free translation of the original in Portuguese)

	2020	2019
Profit for the year	752,705	777,053
Other comprehensive income		
Items that will be reclassified to profit or loss		
Derivatives	(126,796)	(24,620)
Exclusive health plan	2,777	(42)
Items that will not be reclassified to profit or loss		
Currency translation adjustments (Note 16 (c))	891,151	442,860
Total other comprehensive income	767,132	418,198
Total comprehensive income for the year	1,519,837	1,195,251

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

Novelis do Brasil Ltda.

Statement of changes in equity

All amounts in thousands of Reais (A free translation of the original in Portuguese)

	Quota capital	Carrying value adjustments	Retained earnings	Revenue reserve	Total
At March 31, 2018	958,528	994,590	503,112	21,252	**2,477,481**
Profit for the year			777,053		**777,053**
Other comprehensive income (Note 16(c))		418,198			**418,198**
Total comprehensive income for the year		418,198	777,053		**1,195,251**
Reclassifications					
Realization - deemed cost		(20,968)	20,968		
Tax incentive reserve			(45,151)	45,151	
Special reserve for undistributed dividend			(413,170)	413,170	
Appropriation of profit for the year					
Interest on capital distribution (Note 16 (b))			(88,338)		**(88,338)**
Total distribution to quotaholders			(88,338)		**(88,338)**
At March 31, 2019	958,528	1,391,820	754,474	479,573	**3,584,394**
Profit for the year			752,705		**752,705**
Other comprehensive income		767,132			**767,132**
Total comprehensive income for the year		767,132	752,705		**1,519,837**
Reclassifications					
Realization - deemed cost		(21,621)	21,621		
Tax incentive reserve			(60,796)	60,796	
Special reserve for undistributed dividend			413,170	(413,170)	
Appropriation of profit for the year					
Dividend distribution (Note 16(b))			(1,526,778)		**(1,526,778)**
Interest on capital distribution (Note 16 (b))			(85,556)		**(85,556)**
Total distribution to quotaholders			(1,612,334)		**(1,612,334)**
At March 31, 2020	958,528	2,137,331	268,840	127,199	**3,491,897**

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

Novelis do Brasil Ltda.

Statement of cash flow
Years ended March 31
All amounts in thousands of Reais (A free translation of the original in Portuguese)

	2020	2019
Cash flow from operating activities		
Profit for the year	752,705	777,053
Adjustments to reconcile profit for the year to cash from operating activities		
Depreciation and amortization	261,623	237,000
Depreciation - leases	10,262	
Profit on disposal of property, plant and equipment	4,501	12,023
Deferred income tax and social contribution	226,298	28,035
Transactions involving unsettled financial instruments	377	22,616
Provision for contingencies	10,945	6,843
Fair value adjustment to borrowing	(555)	(351)
Environmental restructuring	11,113	
Interest on borrowings	51,983	50,593
Tax credit (ICMS calculation over COFINS)	34,190	20,726
	1,363,442	1,154,538
Changes in assets and liabilities		
Trade receivables	491,712	130,814
Inventory	35,572	52,607
Taxes recoverable	(39,673)	(50,939)
Other receivables	24,506	15,434
Judicial deposits	6,638	6,288
Trade payables	(308,917)	(314,729)
Salaries, provisions and social charges	(10,001)	(5,873)
Taxes and contributions payable	347,990	356,644
Tax refinancing	(65,278)	(55,029)
Financial instruments	136,113	(2,780)
Leases	(10,368)	
Payables to related parties	15,492	(112,731)
Advances from customers	(641)	(8,415)
Contingencies	(30,955)	(27,743)
Other liabilities	(71,986)	70,659
Net cash from operating activities	1,883,646	1,208,745
Interest paid to third parties and related parties	(46,153)	(51,389)
Income tax and social contribution paid	(340,993)	(369,257)
Net cash generated by operating activities	**1,496,500**	**788,099**
Cash flow from investment activities		
Proceeds from sale of property, plant and equipment	1,319	
Purchases of property, plant and equipment and intangible assets	(393,074)	(255,374)
Net cash used in investment activities	(391,755)	(255,374)

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

Novelis do Brasil Ltda.

Statement of cash flow
Years ended March 31
All amounts in thousands of Reais (A free translation of the original in Portuguese) **(continued)**

	2020	2019
Cash flow from financing activities		
New borrowing	246,627	
Payment of dividends	(1,526,778)	
Repayment of third party borrowings	(695)	(5,009)
Interest on capital paid	(85,556)	(88,338)
Net cash used in financing activities	(1,366,402)	(93,347)
Effects of exchange rate changes on cash and cash equivalents	149,274	102,002
Increase in cash and cash equivalents	112,383	541,380
Cash and cash equivalents at the beginning of the year	1,364,054	822,674
Cash and cash equivalents at the end of the year	1,251,671	1,364,054

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

1 General information

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

The Novelis Group is a leading producer globally of aluminum rolled products and aluminum recycling. Based on its production capacity, commitment to innovation and technology leadership, Novelis offers sustainable solutions for the most demanding applications, which include automobiles, beverage cans, architecture materials and electronic goods. The Novelis Group has approximately 12.230 employees, and is present in ten countries across four continents (North America, South America, Asia and Europe) and has 24 plants, including 13 recycling units.

Novelis is headquartered in the city of São Paulo, and has two plants located in Pindamonhangaba and Santo André, both in the State of São Paulo, which together carry out aluminum sheet and foil rolling and recycling operations. Novelis also has 11 collection centers distributed across the states of São Paulo (4), Minas Gerais (2), Bahia (1), Pernambuco (1), Pará (1), Rio Grande do Norte (1) and Paraná (1) and one distribution center in the State of Espírito Santo.
It also has four collection centers that will start to operate in the next fiscal year, namely: Bauru, Brasilia, João Pessoa and São Gonçalo.

In the main South America unit in Pindamonhangaba, Brazil, investments in additional capacity are being made to meet the increasing demand for aluminum cans for beverages. Construction is currently in progress to add 100 kt of rolling capacity and 60 kt of recycling capacity, the conclusion is expected for the end of 2021.

The issue of these financial statements was authorized by the Company's Board of Directors on May 12, 2020.

2 Summary of significant accounting policies

The main accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, except for the changes required by the new accounting pronouncements, interpretations and amendments approved by the International Accounting Standards Board (IASB), which became effective as of 2019, as follows:

IFRS 16 / CPC 06 (R2) - Leases

The new standard requires lessees to recognize the liability for the future payments and the right of use of the leased asset for virtually all lease contracts, with limited exceptions. The Company elected to use the exemptions proposed by the standard for lease contracts with terms of 12 months or less from the initial adoption date, and lease contracts an equivalent value of up to US$ 5,000. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially unchanged. The Company elected to adopt the prospective recognition and did not restate the comparative amounts for the year prior to the first adoption. The effects of the initial adoption of this standard and the practical expedients used are described in Note 10 - Leases.

IFRIC 23 / ICPC 22 – Uncertainty over Income Tax Treatments

This new interpretation establishes recognition and measurement requirements in situations where the Company has applied tax treatments in process of calculation of the taxes on income (income tax and social contribution) which it considers could be questioned by the tax authorities.

In situations where certain treatments are uncertain, the Company defines the probability of acceptance by the tax authorities and present them separately, determining any contingency if it concluded that the tax authorities will not accept such treatment.

Management assessed the impacts of the new standard and concluded that there were no impacts on its financial statements since the date it became effective on April 1, 2019.

2.1 Basis of preparation

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Foreign currency translation

(a) Functional currency

The functional currency of a Company is the currency of the primary economic environment in which it operates, and is the currency that best represents the Company's business and operations. Based on this analysis, Management concluded that the US Dollar ("US$" or "Dollar") is its functional currency.

(b) Presentation currency

In compliance with Brazilian legislation, these financial statements are being presented in Brazilian Real/Reais ("R$"), by translating the financial statements prepared in the Company's functional currency into Reais, using the following criteria:

- Assets and liabilities at the foreign exchange rate at the end of the year.
- Statement of income accounts and statement of cash flow, at the monthly average rate.
- Equity, at historical cost.

The foreign exchange gains/losses from translation are recognized in a specific equity account "Currency translation adjustments".

(c) Transactions and balances

Transactions in other currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income as foreign exchange gain/losses.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short term highly liquid investments with original maturities of three months or less, and with an immaterial risk of changes in value and with the purpose of meeting short term commitments.

2.4 Financial assets

2.4.1 Classification

The Company classifies its financial assets in the following categories:

. Measured at fair value (either through other comprehensive income or through profit or loss)

. Measured at amortized cost

Debt instruments are subsequently measured at fair value through profit or loss (“FVTPL”), at amortized cost or at fair value through other comprehensive income (“FVOCI”). The classification is based on the Company's business model for managing the asset and whether the instrument's contractual cash flows represent solely payments of principal and interest (“SPPI”) on the principal outstanding amount.

Financial instruments classified under the amortized cost category have met IFRS 9 criteria for classification since they are maintained to collect their cash flows and represent solely payments of principal and interest.

The Company designates hedge accounting for metal, currency swap and cash flow programs, which are held in Equity (FVOCI), and the program for the acquisition of property, plant and equipment, although classified as FVOCI, gains and losses held under property, plant and equipment are recorded according to the nature of the item in accordance with IFRS 9.

Derivatives held for trading are classified as FVTPL, in accordance with the requirements of IFRS 9 for other programs.

2.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, that is, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flow have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2.4.3 Impairment of financial assets

Assets carried at amortized cost

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

The amount of any impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flow discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the statement of income. The Company measures impairment on the basis of an instrument’s fair value using an observable market price.

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

2.5 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, in the case of adoption of hedge accounting, and if so, the nature of the item being hedged. If so, the method depends on the nature of the item being hedged. The Company adopts hedge accounting procedures, and designates certain derivatives as either:

- Hedge Accounting: hedge of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow and metal hedge).

- Other programs: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and its strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used for hedging transactions are highly effective in offsetting changes in the fair values of hedged items, and therefore, the hedging transactions performed by the Company are not for speculative purposes.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 7. Changes in the hedging amounts classified in "Carrying value adjustments" within equity are shown in the table of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives are classified as current assets or liabilities.

(a) Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, including the fair value of the hedged asset or liability that are attributable to the hedged risk. The Company only applies fair value hedge accounting to hedge the risk of fluctuations in metal prices (commodities), interest on borrowing and foreign exchange exposure.

(b) Cash flow hedges and metal hedges (commodities)

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognized in equity within "Carrying value adjustments". The gain or loss relating to the ineffective portion is recognized immediately in the statement of income within "Finance results, net".

Amounts accumulated in equity are reclassified to profit or loss in the periods during which the hedged item affects profit or loss. The gain or loss relating to the effective portion of derivatives used as hedges by the Company is recognized as follows:

***(i)* Cash flow hedge**
The gain or loss relating to the effective portion of derivatives that hedge the Company's foreign exchange exposure, interest on borrowing and depreciation (of property, plant and equipment) is recognized in the statement of income within "Finance results, net" and, in the case of property, plant and equipment, within "Depreciation".

***(ii)* Metal hedge (commodity)**
The gain or loss relating to the effective portion of derivatives that hedge the Company's exposure to fluctuations in the metal price (commodity) is recognized in equity. The gain or loss relating to the ineffective portion is recognized in the statement of income within "Finance results, net". The deferred amounts in equity are ultimately transferred to profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized in profit or loss when the transaction is recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately recognized in the statement of income within "Finance results, net".

(c) Derivatives at FVTPL

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair values of any of these derivative instruments are recognized immediately in the statement of income within "Finance results, net".

2.6 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of the Company's business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for the impairment of trade receivables, which is recognized whenever a risk of default is identified by the Company's credit and legal areas. In practice, these receivables are usually recognized at the amount billed, adjusted for any provision for impairment, if necessary.

The Company has no history of losses on trade receivables and there is no evidence of the need to establish a provision for expected credit losses for its trade receivable as established by IFRS 9/CPC 48.

Novelis discounts receivables without rights of subrogation, as long as there are no contractual restrictions.

2.7 Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business.

2.8 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale based on the following criteria: (a) Management, embodied with authority to do so, is committed to a plan to sell; (b) the asset is available for sale in its current condition, subject only to the terms usual to the sale of such assets; (c) an active program to locate a buyer and other necessary actions are initiated; (c) the sale is highly probable, and its transfer is expected within 12 months, unless events or circumstances beyond the Company's control may exceed such period; (e) the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; (f) actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed.

They are stated at the lower of the carrying amount and fair value less costs to sell.

2.9 Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition or construction, less depreciation and, when applicable, written down to their recoverable value. The main components of certain property, plant and equipment items, at the time of their replacement, are accounted for as individual, separate assets, and the specific useful lives of these components are used. The component replaced is written off. Maintenance costs to recover or maintain the original level of performance are recognized in the statement of income during the period in which they are incurred. Depreciation of property, plant and equipment is calculated using the straight-line method to reduce their costs to their residual values over their estimated useful lives.

The carrying amount of an asset is immediately adjusted if it is higher than the estimated recoverable value.

The Company has spare parts for use in the maintenance of its property, plant and equipment items, which have estimated useful lives longer than 12 months. Therefore, the inventory balance of these spare parts is classified under property, plant and equipment.

Depreciation of other assets is calculated using the straight-line method to reduce their costs to their residual values over their estimated useful lives, as follows:

	Years	Years (weighted average)
Buildings and improvements	10 to 40	30.3
Machinery and equipment	2 to 40	18.1
Vehicles	3 to 10	3.6
Furniture and fixtures	5 to 10	9
Automation	10	10
Data processing equipment	3	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts, and are recognized within "Other expenses, net" in the statement of income.

2.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow (Cash-generating unit ("CGU") level). Non-financial assets that are impaired are subsequently reviewed for possible reversal of the impairment at the end of the reporting period.

2.11 Trade payables and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business, separated only by the nature of the transaction and classified as current liabilities if payment is due within one year or less of the reporting date. If not, they are presented as non-current liabilities.

These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the related invoice.

2.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and is subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowing, using the effective interest rate method.

Borrowing items are classified within current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.13 Provision for contingencies and other liabilities

Provision for environmental restoration, restructuring costs and legal claims (labor, civil and tax) is recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provision comprises termination penalties and employee termination payments. Provision does not include future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expenses.

2.14 Current and deferred income tax and social contribution

The income tax and social contribution benefit or expense for the period includes current and deferred taxes. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In such cases, the taxes are also recognized in comprehensive income or directly in equity.

The current income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted up to the balance sheet date. Management periodically evaluates positions taken by the Company in its income tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of the amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax and social contribution are determined using tax rates (and laws) that have been enacted or substantially enacted up to the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and/or tax losses can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when deferred income tax assets and liabilities are related to the income tax levied by the same tax authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Revenue recognition

The Company adopted IFRS 15 - Revenue from Contracts with Customers on April 1, 2018, resulting in changes in the Company's accounting policies; no adjustments were recorded upon adoption.

Revenues from contracts with customers are recognized by the Company as the control of the products is transferred to customers, represented by the ability to determine the use of the products and to obtain substantially all the remaining benefits from the products.

The Company follows the conceptual framework of this standard, based on the five-step model:
(1) identification of contracts with customers;
(2) identification of performance obligations in the contracts;
(3) determination of the transaction price;
(4) allocation of the transaction price to the performance obligation in the contracts; and
(5) recognition of revenue when the performance obligation is satisfied.

The evidence of the transaction is based on the parameters established by the corresponding Incoterms and confirmation of the credit to carry out the transaction. Revenue is the net income from sales, after deduction of taxes, discounts and returns.

2.16 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's quotaholders is recognized as a liability in the Company's financial statements when approved and proposed by management based on the Company’s bylaws.

3 Critical accounting estimates and judgments

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

The Company makes estimates and establishes assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that carry a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year relate to Notes 2.10 Impairment of non-financial assets, 2.13 Provision for contingencies and other liabilities 2.14 Current and deferred income tax and social contribution.

4 Financial risk management

4.1 Financial or market risks

Financial risk, also known as market risk, arises from the possibility of losses caused by fluctuations in interest rates, exchange rates, share prices and commodity prices.
Risk management is carried out by the Company based on policies approved by its parent company, for the purpose of identifying, evaluating and hedging the Company's assets and liabilities against financial risks through the use of derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from the Company’s exposure on its assets and liabilities in a currency different from its functional currency.

Fluctuations in the exchange rates affect the recorded value of assets and liabilities.

As the Company's functional currency is the US dollar, and part of the Company's operations and amounts included in its balance sheet are in local currency (R$), the Company's strategy is to protect its assets and liabilities from changes in exchange rate of Brazilian Real to US Dollar. Therefore, the Company's strategy to mitigate foreign exchange risk includes future contracts for hedging certain costs and projected revenue and investments in property, plant and equipment. Presented below are the total assets and liabilities that are exposed to foreign exchange risk:

	2020	2019
Assets		
Cash and cash equivalents	606,343	795,600
Trade receivables	208,956	433,095
Taxes recoverable	(12,863)	26,293
Income tax and social contribution - prepayments		158,987
	802,436	1,413,975
Liabilities		
Trade payables	(507,942)	(703,140)
Salaries, provisions and social charges	(41,466)	(37,125)
Other taxes and contributions payable	(172,546)	(102,034)
Tax refinancing	(141,875)	(197,714)
Borrowings - National Bank for Economic and Social Development ("BNDES")	(322)	(4,672)
Provision for contingencies	(87,077)	(80,553)
Other liabilities	(49,378)	(53,252)
Payables to related parties	51,542	(76,827)
	(949,064)	(1,255,320)
Net exposure	(146,628)	158,658

The Company's functional currency is the US Dollar (Note 2.2(a)). However, the financial statements present assets and liabilities originating and recorded in Brazilian Reais that affect the results of operations because of variations in the Brazilian Real - US Dollar exchange rate. The Company's policy is to minimize foreign exchange exposure against the functional currency, and aims at hedge 100% of the short term and long-term exposure, and via contracting of derivatives by the head office. The Company's current net exposure is negative, due to a higher volume of short-term and long-term liabilities exposure to Reais.

(ii) Commodity price risk

Commodity price risk is the risk of changes in the prices of the raw materials used by the Company, which has an direct impact on the results, as the asset price constantly changes, which causes both the purchase prices and sale prices to vary. The factors that may affect the commodity prices include policies, regulatory changes, supply and demand and other general market conditions.

The Company's strategy for managing this risk is based on hedging the price of aluminum in our inventory during the production cycle of the commodity up to the sale of the final product. With the inventory duly hedged against commodity price fluctuations, the parent company has a specialized team that consolidates the purchase and sale projections for the Company's operating areas, identifies the exposure and hedges the Company by means of financial products (derivatives) available in the financial market, such as swaps, Non-deliverable Futures NDF and future contracts.

The Company's business is conducted through a model in which both the purchases and sales have common components in their price structures, and the aluminum price is based on the quotations of the Base Metal Cost ("BMC"), consisting of the London Metal Exchange ("LME") price and a local market premium.

A key component of the conversion model is the use of financial instruments to preserve the conversion margin, hedging the metal purchase volumes and the metal volumes related to sales contracts. There is a timing difference between the recognition of gains and losses and the aluminum purchase and sale transactions, which is called the metal price lag. These future purchases, through derivative financial instruments, directly cover the future risks of aluminum price fluctuations associated with purchase and sale contracts. Gains or losses on the financial instrument positions are recognized on an accruals basis.

The Company expects the gains or losses on the settlement of financial instruments to be offset by the effects of variations in the prices of sales to customers, as well as the impact caused by the different quotations of the LME on the cost of goods sold. However, there are some factors, such as market premiums, future curve and taxes, which cause differences in this offsetting.

(iii) Interest rate risk

Interest rate risk is the risk related to changes in investment values or in borrowing costs due to changes in interest rates, and the Company continuously monitors its exposure to market interest rates.

(b) Credit risk

The credit risk refers to the possibility of not receiving the principal amount negotiated due to defaults, which cannot be avoided, but can be prevented or controlled through a credit analysis. However, as it is not possible to foresee whether the customers will be able to honor their financial commitments, the Company takes certain measures before granting credit to its customers.

The sales policy is closely associated with the level of credit risk to which the Company is willing to be subjected during the course of its business. The diversification of the portfolio of receivables from customers and the monitoring of sales financing terms and individual position limits are among the procedures adopted to minimize defaults or losses on the realization of receivables. This risk is analyzed in more detail in Note 5 (b).

(c) Liquidity risk

The liquidity risk is classified between: market liquidity risk and cash flow liquidity risk. The former is the possibility of loss due to the inability to carry out a transaction within a reasonable timeframe and without a significant loss of value. The latter relates to the possibility of a shortfall of funds required to honor commitments due to mismatches between assets and liabilities.

The Company's cash is centralized and managed by the treasury department under the supervision and monitoring of the parent company, which actively manages cash in order to ensure the necessary liquidity to meet operating needs. This cash management is based on periodic projections made by the Company's operating areas.

The Company invests excess cash in investments with liquidity of less than 90 days and in deposits with prime financial institutions, choosing instruments with appropriate maturities or sufficient liquidity that have satisfactory margins.

The table below presents the Company's main non-derivative financial liabilities according to their expiry:

	Less than one year	Between one and two years	Between two and five years	More than five years	Total
At March 31, 2020					
Trade and other payables	1,025,604				1,025,604
Borrowings*	332,037			509,680	841,717
At March 31, 2019					
Trade and other payables	1,061,599				1,061,599
Borrowings*	34,259	259	21	489,050	523,589

(*) These are the balance sheet accounts as at March 31, 2020; the Company amortizes the interest on its main borrowing on a semi-annual basis. The future value of the borrowing up to the respective contractual maturity dates is R$ 1,059,472 (2019 - R$ 768,038).

4.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for quotaholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Capital management is based on guidelines established by its parent company, taking into consideration the Company's information. In order to maintain or adjust the capital structure, the Company can make adjustments to the amounts of dividends paid to quotaholders, return capital to quotaholders, issue new quotas or sell assets to reduce, for example, debt.

4.3 Fair value estimation

(a) Fair value of financial instruments

The fair values of the Company's assets and liabilities are determined based on information available in the market, and through the application of methodologies the Company considers to be appropriate, in order to better evaluate each type of instrument.

The fair value of long-term debts is based on the discounted amount of its contractual cash flow. The discount rate is based on the future market curve for the flow of each liability.

(b) Amortized cost

The carrying amounts of cash and cash equivalents, trade receivables, trade payables, payables to third parties and payables to associates are classified as amortized cost.

(c) Classification

Financial instruments measured at fair value are classified as below:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
(ii) Level 2 - Observable inputs for the asset or liability, directly or indirectly, except for quoted prices included in Level 1;
(iii) Level 3 - Unobservable inputs for the asset or liability.

The table below classifies the Company's financial assets and liabilities by Level using the fair value hierarchy. The Company did not have financial instruments classified at Levels 1 and 3 at March 31, 2019 or 2020:

Derivatives used for hedging (Level 2)	**2020**	**2019**
Assets	537,626	135,981
Liabilities	904,209	161,163

5 Financial instruments

(a) Classification by category

At the date of the initial application of IFRS 9, the Company assessed which business models apply to its financial assets and classified them according to IFRS 9. The classification of the Company's financial instruments at March 31, 2020 is as follows:

	March 31, 2020			
	FVTPL	**FVOCI**	**Amortized cost**	**Total**
Financial investments			882,075	882,075
Trade and other receivables			1,177,066	1,177,066
Receivables from related parties			30,199	30,199
Derivative financial instruments	537,626			537,626
Financial assets	537,626		2,089,340	2,626,966
Trade and other payables			1,025,604	1,025,604
Borrowings	334,925			334,925
Loans with related parties			506,792	506,792
Payables to related parties			38,624	38,624
Lease liability			13,540	13,540
Derivative financial instruments	904,209	190,190		1,094,399
Financial liabilities	1,239,134	190,190	1,584,560	3,013,884

	March 31, 2019			
	FVTPL	**FVOCI**	**Amortized cost**	**Total**
Financial investments			983,168	983,168
Trade and other receivables			1,359,402	1,359,402
Receivables from related parties			34,884	34,884
Derivative financial instruments	135,981			135,981
Financial assets	135,981		2,377,454	2,513,435
Trade and other payables			1,061,599	1,061,599
Borrowings	16,941			16,941
Loans with related parties			506,648	506,648
Payables to related parties			14,266	14,266
Derivative financial instruments	161,163	24,688		185,851
Financial liabilities	178,104	24,688	1,582,513	1,785,305

(b) Credit risk of the financial instruments

The Company operates with financial institutions classified mostly (99%) as "BB-", in accordance with the risk rating of Standard & Poor's Rating Services (S&P).

6 Cash and cash equivalents

	2020	**2019**
Cash on hand and in banks	369,596	380,886
Financial investments	882,075	983,168
	1,251,671	1,364,054

Financial investments refer mainly to fixed income transactions indexed to the Interbank Deposit Certificate ("CDI") rate, with immediate liquidity. Income from financial investments recognized during the year, in the amount of R$ 15,215 (March 31, 2019 - R$ 22,620), was recorded as income from financial investments in the statement of income.

7 Derivative financial instruments

The table below summarizes the gross fair value of the Company's derivatives:

	March 31, 2020				
Type	**Assets**		**Liabilities**		**Total net**
	Current	**Non-Current**	**Current**	**Non-Current**	
Currency swap contracts			(33)	(517)	(550)
Aluminum contracts	127,799		(69,346)	(128)	58,325
Currency contracts	375,602	34,225	(766,477)	(67,708)	(424,358)
Total	**503,401**	**34,225**	**(835,856)**	**(68,353)**	**(366,583)**

	March 31, 2019				
Type	**Assets**		**Liabilities**		**Total net**
	Current	**Non-Current**	**Current**	**Non-Current**	
Currency swap contracts			(202)	(857)	(1,059)
Aluminum contracts	19,416	4	(13,764)	(30)	5,626
Currency contracts	109,911	6,650	(135,874)	(10,436)	(29,749)
Total	**129,327**	**6,654**	**(149,840)**	**(11,323)**	**(25,182)**

The derivative financial instruments are contracted with banks or brokers and registered, if applicable, with the Commodities, Future and Stock Exchange - B3 ("BM&F/BOVESPA") and the Central System for the Custody and Financial Settlement of Securities ("CETIP"). The derivative contracts have as their sole purpose the management of risks, which are used to mitigate uncertainties and volatilities caused by certain exposures. Therefore, the hedge transactions made by the Company are not for speculative purposes.

Aluminum contracts

The Company uses derivative instruments to hedge the conversion margin and manage the timing differences related to the fluctuation of the metal price. Over-the-counter derivatives indexed to the LME are used to reduce the exposure to fluctuations in the metal prices associated with the period between the inventory purchase pricing and the inventory sales pricing to the customers.

The Company also purchases LME forward contracts concurrently with contracts for customers that have fixed metal prices. These LME forward contracts directly hedge the economic risk of future pricing, meaning that the sales price is aligned with the metal purchase price.

The table below summarizes the Company's notional derivatives, presented in kilotons:

Purchase/(Sale)	2020	2019
Exposure	41.4	33.4

Foreign exchange contracts

The foreign exchange contracts and cross currency swaps for borrowings in Brazilian Reais are used to manage the exposure to exchange rate fluctuations. These exposures arise through assets and liabilities, commitments made and cash flow forecasts denominated in currencies other than the functional currency for certain transactions.

Notional (R$)	**2020**	**2019**
Currency swap contracts (Sale)	854	2,092

8 Trade receivables

	2020	2019
Trade receivables, domestic market	939,774	1,166,599
Trade receivables, foreign market	118,477	82,927
	1,058,251	1,249,526
Less - provision for impairment of trade receivables	(9,638)	(9,638)
	1,048,613	1,239,888

The aging analysis of these trade receivables is as follows:

	2020			2019		
	Past due	**Not yet due**	**Total**	**Past due**	**Not yet due**	**Total**
Up to 30 days	13,637	445,270	458,907	14,540	208,400	222,940
From 31 to 60 days	917	136,606	137,523	125	303,496	303,621
From 61 to 90 days	149	135,953	136,102	46	173,519	173,565
More than 90 days	224	315,857	316,081	2,507	537,255	539,762
	14,927	1,033,686	1,048,613	17,218	1,222,670	1,239,888

The maximum exposure to credit risk at the reporting date is equivalent to the carrying value of each class of receivables. The Company does not hold any collateral security.

There was no change in the Company's provision for impairment of trade receivables, and the balances of 2020 – R$ 9,638 (2019 – R$ 9,638) were maintained.

The maximum exposure to credit risk at the reporting date is equivalent to the carrying value of each class of receivables mentioned above.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by means of historical references, classified into two major groups according to the associated risk:

. Group 1 - Global customers
. Group 2 - Other customers (specialty products and foil)

The composition of receivables by customer classification is presented below:

	2020	2019
Group 1	991,828	1,097,498
Group 2	56,785	142,390
	1,048,613	1,239,888

9 Inventory

	2020	2019
Finished goods	194,696	100,649
Work in progress	269,829	279,674
Raw materials	108,018	87,247
Storeroom supplies	201,106	143,267
	773,649	610,837
Provision for inventory losses	(39,205)	(26,612)
	734,444	584,225

The changes in the Company's provision for inventory losses are as follows:

	2020	2019
Opening balance	(26,612)	(19,393)
Provision	2,385	(3,775)
Currency translation adjustments	(14,978)	(3,444)
Closing balance	(39,205)	(26,612)

10 Leases

(i) Balances recognized in the balance sheet

As from April 2019, lease contracts were recognized as a right-of-use asset and a corresponding lease liability on the date in which the leased asset becomes available for use by the Company. The impact of the initial recognition of leases on the Company's balance sheet was R$ 11,805.

Each lease payment is allocated between the liability and the finance costs. Finance costs are recognized in the statement of income during the lease period. The right-of-use asset is depreciated over the shorter of the useful life of the asset or the lease term using the straight-line method.

The measurements associated with the right-of-use assets were made taking into account the conditions established in the contract as shown below:

i) Buildings
Lease amount: R$ 377 month adjusted annually
Effective Jul-16 to Aug-22

ii) Machinery and equipment
Lease amount: R$ 1,037 month adjusted annually
Effective Nov-18 to Jun-21

- At the end of the contract term, the Company carries out new contract negotiations.

- Payments: as established in the contract, payments are made in fixed monthly installments adjusted by the General Market Price Index (IGPM) annually on the anniversary date of the contract.

- Lessee's incremental interest rate: The Company considered, for both contracts, interest rates necessary to acquire assets under conditions similar to those of the leases on the signing date. After analyses, the nominal discount rate was 1.57% per month and corresponds to the rate for real estate financing from financial institutions.

- Depreciation of the right-of-use asset: The Company's lease contracts do not have purchase option clauses for the acquisition of ownership of the asset at the end of the lease term. Accordingly, the useful lives of these assets, in the absence of impairment, will be the contractual term, whichever is shorter. The Company recognizes the depreciation expense for the right-of-use asset in a systematic and linear manner according to the terms of the contracts. It The Company periodically reassesses the useful lives of the rights of use whenever it presents changes in the strategic commercial plans or intentions of the lessors in the continuity of the contract;

- Finance charges arising from lease contracts: The finance charge is recognized as a finance cost and is allocated to each period over the lease term.

  The impacts resulting from the adoption of IFRS 16 (CPC 06 R2) are shown below:

	Mar-20	Apr-19
Right-of-use assets		
Buildings	5,755	6,040
Machinery and equipment	8,137	5,765
Closing balance		
	13,892	11,805
Lease liability		
Current	(9672)	(7,163)
Noncurrent	(4,141)	(4,642)
	(13,813)	(11,805)

Changes in right-of-use assets are presented as below:

	Assets
Balance at April-19	**11,805**
New contracts	11,665
Remeasurements	2,175
Contract terminations	(1,491)
Depreciation	(10,262)
Balance at Mar-20	**13,892**

Changes in lease liability are presented as below:

	Assets
Balance at April-19	**(11,805)**
New contracts	(11,665)
Remeasurements	(2,175)
Contract terminations	1,491
Payments	10,368
Remeasurement of lease liability	(27)
Balance at Mar-20	**(13,813)**

(i i) Balances recognized in the statement of income

The statement of income includes the following amounts related to leases:

	2020
Buildings	3,673
Machinery and equipment	10,936
Depreciation - leases	14,609
Interest expenses (included in finance costs - Note 20)	244
Expenses related to the payment of variable leases not included in lease liabilities.	15,438

10 (a) Property, plant and equipment

	Land, buildings and improvements	Machinery equipment and vehicles (i)	Property, plant and equipment in progress	Total
Closing balance at March 31, 2018	573,547	1,916,392	117,810	2,607,749
Purchases		7,109	249,296	256,405
Write-offs	(1,212)	(10,811)		(12,023)
Transfers	9,520	121,187	(130,707)	
Depreciation	(27,673)	(209,327)		(237,000)
Assets held for sale	6,476	221		6,697
Translation adjustments	98,434	327,284	24,356	450,074
Net book value, at March 31, 2019	659,092	2,152,056	260,755	3,071,903
Cost	926,853	4,041,036	260,755	5,228,644
Accumulated depreciation	(267,761)	(1,888,980)		(2,156,741)
Net book value at March 31, 2019	659,092	2,152,056	260,755	3,071,903
Closing balance at March 31, 2019	659,092	2,152,056	260,755	3,071,903
Purchases		42,519	352,529	395,048
Write-offs	(167)	(4,334)		(4,501)
Transfers	43,899	208,085	(260,691)	(8,707)
Depreciation	(29,903)	(231,720)		(261,623)
Assets held for sale		789		789
Translation adjustments	223,882	723,114	111,439	1,058,435
Net book value, at March 31, 2020	896,803	2,890,510	464,032	4,251,345
Cost	1,291,851	5,703,721	464,032	7,459,604
Accumulated depreciation	(395,048)	(2,813,211)		(3,208,259)
Net book value at March 31, 2020	896,803	2,890,510	464,032	4,251,345

(i) The respective items of machinery and equipment, pledged as guarantees under a loan from a third party ("BNDES"), amounted to R$ 12,349 in March 2020 (2019 - R$ 16,988).

(a) Deemed cost

At January 1, 2008, the Company applied the deemed cost method, as permitted by CPC 37 and IFRS 1 - "First time adoption". The Company recorded the deemed cost and reviewed the remaining useful lives of the land, buildings and machinery and equipment groups in conformity with the technical appraisal report issued by the internal appraisers at the transition date. As a consequence, assets increased by R$ 781,076 and the depreciation rates of property, plant and equipment were altered based on a review of the estimated economic useful lives of these items.

Annually, or when indications of impairment are identified, the remaining useful lives of property, plant and equipment are reviewed.

(b) Non-current assets held for sale

As part of its global strategy to focus its business on the rolling and recycling segments, the Company decided to offer for sale its hydroelectric energy generation operations, the net amount of which at March 31, 2020 is R$ 16,568 (2019 - R$ 12,418).

(c) Other information

The depreciation of property, plant and equipment and amortization of intangible assets during the year ended March 31, 2020, allocated to cost of goods sold and administrative expenses, totaled 2020 – R$ 261,623 (2019 – R$ 237,000) respectively.

11 Trade payables

The balance at March 31, 2020 of R$ 391,583 (2019 –R$ 469,414) include the reclassification between the account balances of trade payables – reverse factoring and other payables as below.

(a) Trade payables – reverse factoring

The Company entered into arrangements with certain financial institutions for reverse factoring with its main suppliers, allowing the Company to grant payment terms ranging from 30 to 100 days. As part of these transactions, the suppliers transfer the right to receive billed amounts from the Company's sales of metals (raw materials) to the financial institutions, which in turn will become the creditors of the transaction. The balance at March 31, 2020 is R$ 355,398 (2019 - R$ 346,251).

(b) Other payables

The Company entered into contracts with intermediary metal suppliers, for import-to-order operations, with an average payment term of 230 days. The balance at March 31, 2020 is R$ 278,623 (2019 - R$ 245,934).

The present value calculation was performed, but was not recorded at March 31, 2020 due to the immaterial results when compared to the total amount of invoices involved in this transaction.

12 Borrowings

	Currency	Index and weighted average annual rate of interest and commission	Final maturity	2020	2019
Current					
Local currency					
BNDES	R$	Interest of 5.50% to 8.70%	April 2021	1	7
BNDES (i)	R$	Interest of 5.5% to 8.7%	April 2021	260	683
From related parties					
Interest	R$	Interest of 10.2%	April to May 2019	17,736	17,598
From third parties	US$	ACC			
Principal	US$	Interest of 4.78%	3/22/2021	25,993	
Principal	US$	Interest of 5.85%	9/25/2020	25,994	
Principal	US$	Interest of 2.77%	6/15/2020	259,935	
Interest	US$	Interest of 4.78%	3/22/2021	14	
Interest	US$	Interest of 5.85%	9/25/2020	4	
Interest	US$	Interest of 2.77%	6/15/2020	2,100	
Total current				332,037	18,288
Noncurrent					
Local currency					
BNDES (i)	R$	Interest of 5.50% to 8.70%	December 2018 to April 2021	20,624	16,251
From related parties					
Principal	R$	Interest of 10.2%	April 2019 to May 2024	489,056	489,050
Total non-current				509,680	505,301
Total current and non-current				841,717	523,589

At March 31, 2020, the Company had credit limits with nine financial institutions amounting to approximately R$ 1,852,621 (2019 - R$ 2,019,288). These lines were available to support the Company's operations, either in the form of derivatives, working capital or guarantees.

(i) The financing obtained from the BNDES is guaranteed by Company's equipment amounting to R$ 12,349 at March 31, 2020 (2019 - R$ 16,988).

(ii) Changes in borrowings for the year ended March 31, 2020 are as below:

Opening balance at March 31, 2019	523,589
New borrowing	246,627
Interest accrued	51,983
Payment of interest	(46,153)
Repayment of borrowing	(695)
Fair value	(555)
Translation adjustments	66,921
Closing balance at March 31, 2020	**841,717**
Total current	509680
Total non-current	332037
Total	**841,717**

13 Provision for contingencies and judicial deposits

The Company is a party to labor, civil and tax lawsuits in progress, and is discussing these matters at the administrative and judicial levels.

The provision for probable losses arising from contingent liabilities is estimated and adjusted by management, under the advice of external or internal legal counsel. The contingent liabilities for which losses are classified as possible are not recognized in the accounting records, and are disclosed in the notes to the financial statements; those classified as remote losses are not accrued or disclosed.

The balances of judicial deposits and provisions for contingent liabilities recognized in the accounting records are as follows:

	Judicial deposits		Provision for contingencies	
	2020	**2019**	**2020**	**2019**
Tax contingencies	10,996	11,010	9,674	9,499
Labor and civil contingencies	7,025	8,813	85,865	81,080
Other deposits	27			
	18,048	19,823	95,539	90,579

The changes in the provision were as follows:

Provision for contingencies - Current

	Labor	Civil	Tax	Total
At March 31, 2018				
Additions/(reversals)				
Interest/indexation accruals			170	170
Write-offs				
Transfers			6,946	6,946
Translation adjustments			173	173
At March 31, 2019			7,289	7,289
Additions/(reversals)				
Interest/indexation accruals			(115)	(115)
Write-offs				
Transfers				
Translation adjustments			231	231
At March 31, 2020			7,405	7,405

Provision for contingencies - Noncurrent

	Labor	Civil	Tax	Total
At March 31, 2018	25,407	52,692	17,579	95,678
Additions/(reversals)	3,413	3,430		6,843
Interest/indexation accruals			2,206	2,206
Write-offs	(3,544)	(427)	(11,756)	(15,727)
Transfers			(6,946)	(6,946)
Translation adjustments	(28)	137	1,127	1,236
At March 31, 2019	25,248	55,832	2,210	83,290
Additions/(reversals)	7,098	3,847		10,945
Interest/indexation accruals			(37)	(37)
Write-offs	(6,031)	(63)		(6,094)
Transfers				
Translation adjustments	(191)	125	96	30
At March 31, 2020	26,124	59,741	2,269	88,134

(a) Labor claims

Labor contingencies mainly represent lawsuits from challenges by former employees and labor unions. Most of the labor lawsuits were filed by former employees of the Aratu/BA and Ouro Preto/MG plans, which had their activities discontinued in 2010 and 2014, respectively.

A labor claim filed by the Metalworkers Union of Candeias - BA, requiring that the court recognize the mass dismissal, and award indemnification to employees, following the closure of the Aratu plant in 2010. The Company had a provision of R$ 26,903 at March 31, 2020.

(b) Civil claims

Civil contingencies relate mostly to injunctions obtained by the Company during 2016 and 2017, related to charges and contributions on the consumption and sale of electrical energy and demands involving the expropriation of land for the installation of hydroelectric plants and/or small hydroelectric plants in Minas Gerais, in which the Company has an equity interest.

(c) Tax claims

Tax claims refer mostly to lawsuits and administrative proceedings related to the collection of taxes and fines that are considered by the Company not to be due.

(d) Possible losses

At March 31, 2020, the Company had lawsuits in which losses, considered possible under advice of external and internal legal counsel amounting to R$ 329,777 (2019 – R$ 301,855). These lawsuits are not provisioned and were related to tax, labor, civil and environmental matters.

Possible losses by nature

	2020	2019
Civil	11,639	10,775
Environmental	500	299
Labor	15,548	18,369
Tax	302,090	272,412
	329,777	301,855

14 Tax refinancing - Current

	IPI	Other	Total
At March 31, 2018	26,692	2,508	29,200
Additions			
Interest/indexation accruals			
Transfers	29,921	512	30,433
Amortization	(28,964)	(495)	(29,459)
Translation adjustments	2,026	(2,017)	9
At March 31, 2019	29,675	508	30,183
Additions			
Interest/indexation accruals			
Transfers	26,404	188	26,592
Amortization			
Translation adjustments	(25,561)	(173)	(25,734)
At March 31, 2020	30,518	523	31,041

Tax refinancing – Non-current

	IPI	Other	Total
At March 31, 2018	162,305	730	163,035
Additions			
Interest/indexation accruals	5,870	100	5,970
Transfers	(29,921)	(512)	(30,433)
Amortization			
Translation adjustments	(2,246)	2,011	(235)
At March 31, 2019	136,008	2,329	138,337
Additions			
Interest/indexation accruals	4,377	74	4,451
Transfers	(26,407)	(188)	(26,595)
	(29,939)	(511)	(30,450)
Amortization			
	25,317	169	25,486
Translation adjustments			
At March 31, 2020	109,356	1,873	111,229

The Company filed a lawsuit asserting its right to receive IPI (tax on industrialized products) credits from purchases of zero rated products and offset them in the respective year under the installment payment program, in 180 fixed monthly installments. The changes in such liabilities between March 2018 and March 2020 are shown above.

15 Deferred income tax and social contribution

Deferred taxes are calculated based on income tax and social contribution losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In Brazil, the currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

The changes in the deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances, were as follows:

	2018	Additions/ exclusions	Functional currency effect	Translation adjustments	2019	Additions/ exclusions	Functional currency effect	Translation adjustments	2020
Assets									
Temporarily non-deductible									
Provisions	73,348	29,427	(11,243)	13,243	104,775	19,856	(27,634)	32,949	129,946
	73,348	29,427	(11,243)	13,243	104,775	19,856	(27,634)	32,949	129,946
Liabilities									
Foreign exchange gains/losses taxed on a cash basis	(46,148)	(41,180)	7,673	(9,062)	(88,717)	(6,228)	23,390	(25,098)	(96,653)
PP&E/intangible assets/ inventory/hedge accounting	(534,790)	(80,689)	92,037	(91,803)	(615,245)	(321,568)	175,032	(244,367)	(1,006,148)
	(580,938)	(121,869)	99,710	(100,865)	(703,962)	(327,796)	198,422	(269,465)	(1,102,801)
	(507,590)	(92,442)	88,467	(87,622)	(599,187)	(307,940)	170,788	(236,516)	(972,855)

(a) Reconciliation of income tax and social contribution

The Company also recognizes liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will have an impact on the current and deferred tax assets and liabilities in the period in which such determination is made.

The amounts in the financial statements are recorded in the Company's functional currency (US Dollars), whereas the calculation basis of income tax on assets and liabilities is denominated in Brazilian Reais. Therefore, fluctuations in foreign exchange rates may significantly affect the amounts of income tax expenses recognized in each period, particularly as a result of the translation of non-monetary assets. The reconciliation between the income tax and social contribution expenses at the nominal and effective rates is shown below:

	2020	2019
Profit before income tax and social contribution	1,500,103	1,219,188
Tax calculated based on statutory nominal rates (34%)	510,035	414,524
Benefit from tax deduction of Interest on capital paid distributed	(85,556)	(88,701)
Non-taxable income/expense	42.646	44,916
Tax incentives	(9,353)	(7,637)
Remeasurement of deferred tax	50,152	50,142
Provision for tax relating to legal and administrative disputes	26,861	16,692
Functional currency effect on deferred tax	212,613	12,200
Income tax and social contribution for the year	747,398	442,136
Current	521,100	414,101
Deferred	226,298	28,035
	747,398	442,136
Effective rate	36%	36%

16 Equity

(a) Share capital

The quota capital, subscribed and paid up at March 31, 2020 amounted to R$ 958,527,827, comprising quotas of R$ 1.00 each, held as below:

	Quotas	Amount
Novelis Inc.	958,527,826	958,527,826
Novelis South America Holdings LLC.	1	1
Total	958,527,827	958,527,827

(b) Interest on capital and dividends

Under the Company's bylaws and in conformity with Law 9,249/95, on June 25, 2019 and December 16, 2019, management approved the distribution to the quotaholders of interest on capital, calculated based on the long-term interest rate ("TJLP"), of R$ 56,337 (net of taxes R$ 45,336) and R$ 32,219 (net of taxes - R$ 27,386). The tax benefits generated by the payment of dividends in the form of interest on capital were recorded against the income tax and social contribution charge for the year.

Additionally, R$ 1,526,777 was distributed as dividends, approved by the Company's Management on June 25, 2019, September 13, 2019 and December 16, 2019.

(c) Carrying value adjustments

Composition

At March 31, 2019	88,540	(16,556)	1,321,537	(1,701)	1,391,820
Deemed cost realization	(21,621)				(21,621)
Derivatives ("OCI")		(126,796)			(126,796)
Pension reserve				2,777	2,777
Tax incentive reserve					
Special reserve for undistributed dividend					
Cumulative translation adjustment			891,151		891,151
At March 31, 2020	66,919	(143,352)	2,212,688	1,076	2,137,331

17 Net revenue

The reconciliation of gross and net revenue is as follows:

	2020	2019
Gross revenue		
Sales of goods		
Domestic market	7,896,088	7,946,982
Foreign market	743,709	759,561
Transformation service	437,323	487,513
	9,077,120	9,194,056
Deductions		
Taxes on invoicing	(1,291,393)	(1,300,394)
Cancellations and returns	(48,676)	(87,638)
	(1,340,069)	(1,388,032)
Net revenue	7,737,051	7,806,024

18 Other expenses, net

	2020	2019
Development of businesses and projects	(511)	(715)
Restructuring costs	(13,345)	(2,127)
Royalties (Note 22)	(229,199)	(198,020)
Donations	(8,639)	(6,054)
Other taxes and duties	(6,213)	(7,140)
Taxes on remittances abroad	(33,262)	(26,241)
Tax credit (ICMS calculation over COFINS) (i)	35,405	8,949
Reintegra	4,147	
Other income and expenses, net	47,713	15,968
	(203,904)	(215,380)

(i) On October 26, 2018, the Company received a favorable decision from the Federal Regional Court that acknowledged the right to exclude state VAT ("ICMS") from the social contribution ("COFINS") calculation base of calendar years from 2007 to 2014. As a result of this final and unappealable decision, the Company recognized tax credits and interest accruals for the amounts overpaid during that period, the calculation methodology is not yet finalized. These tax credits, after approval by the Brazilian Federal Revenue Service, can be offset against federal taxes in future years.

The Company estimates that it is probable that it will receive a benefit in the amount of R$ 20,859 million, which was recorded in the consolidated statement of income, of which R$ 11,777 million referring to the principal and respective interest accruals of R$ 8,949 million.

In December 2019, the Company recorded the monetary adjustment of the ICMS proceeding related to the COFINS calculation base for calendar years from 2015 to 2017 in the amount of R$ 26,930, referring to the principal and respective interest accruals of R$ 7,260.

During the year ended March 31, 2020, the Company received another favorable decision issued by the Regional Federal Court regarding the calculation base for the years 1996 to 2007 The Company is in the process of calculating the probable benefit of this decision and, therefore, it has not recognized any amount for this in the current period.

19 Expenses by nature

	2020	2019
Personnel	(228,752)	(211,586)
Depreciation and amortization	(261,623)	(237,000)
Materials, energy and services of third parties	(478,239)	(392,759)
Maintenance and occupancy	(137,816)	(153,284)
Freight	(164,825)	(213,889)
Raw materials and others	(4,768,076)	(5,138,088)
Total cost of sales, selling and administrative expenses	(6,039,331)	(6,346,606)
Classified as follows:		
Cost of sales	(5,905,355)	(6,219,176)
Selling expenses	(35,382)	(33,664)
Administrative expenses	(98,594)	(93,766)
	(6,039,331)	(6,346,606)

20 Finance results, net

	2020	2019
Financial discounts received	285	185
Financial charges on discounting of trade notes	(111,027)	(109,182)
Financial charges on borrowing	(51,897)	(50,626)
Interest received from third parties	3,254	1,538
Transactions involving financial instruments - unsettled	(377)	(22,616)
Transactions involving financial instruments - settled	(82,717)	(2,221)
Income from financial investments	15,215	22,620
Interest and indexation accruals on taxes and contingencies	(5,650)	(13,490)
Right-of-use expenses - Interest	(244)	
Other	6,723	2,222
Net financial results	(226,435)	(171,570)

21 Foreign exchange gains/losses and indexation credits/charges, net

The foreign exchange gains/losses, interest and indexation credits/charges recorded in the statement of income are as follows:

	2020	2019
Foreign exchange gains/losses	60,751	39,960
Interest indexation accruals of taxes and contingencies	171,971	106,760
	232,722	146,720

22 Related party transactions

(a) Transactions and balances between related parties

(i) Transactions

	2020	2019
Purchases of products		
Novelis – Germany		30,813
Novelis – Solatens	7,354	1,290
Novelis – Korea	6,326	4,570
Novelis – United States	101	
Novelis – UK	34,667	
	48,448	36,673
Sales of products		
Novelis – Solatens		
Novelis – MEA	5,034	21,267
Novelis – United States	168,967	98,523
Novelis – Germany		
	174,001	119,790
Royalties expenses		
Novelis – United States	203,641	87,850
Novelis – UK	25,558	110,170
	229,199	198,020
Financial charges on borrowing	50,028	50,159

(*) The Company has branding license and patent agreements with related parties duly registered with the National Institute of Industrial Property ("INPI").

(ii) Balances

	2020	2019
Current assets		
Trade receivables		
Novelis – MEA	11	1,552
Novelis – United States	30,149	33,321
Novelis – Switzerland		
Novelis – Korea	39	11
	30,199	34,884
Current liabilities		
Other payables		
Novelis – United States	38,624	10,888
Novelis – MEA		3,378
	38,624	14,266
Loans		
Current liabilities		
Novelis Inc. - United States	17,736	17,598
	17,736	17,598
Non-current liabilities		
Novelis Inc. - United States	489,056	489,050
	489,056	489,050

(b) Key management compensation

Key management includes the Company's directors and managers. The compensation paid or payable to key management for their services, consisting of salaries and social charges, profit sharing and reimbursement of expenses, in the year ended March 31, 2020 amounted to R$ 18,883 (2019 - R$ 17,121).

23 Other liabilities

The following table presents the balances of other liabilities for the years ended March 31, 2020 and 2019, respectively:

	2020	2019
Current liabilities		
Provision for restructuring costs (i)	20,612	39,080
Provision for contracts with customers	42,993	25,527
Provision for freight	31,679	34,395
Commitments payable	34,029	33,245
Bonuses	13,260	27,098
Exclusive health plan	514	474
Provision for marketing costs	6,498	26,790
Insurance	14,036	
Other provision	27,014	24,808
	190,638	211,417
Non-current liabilities		
Provision for restructuring costs (i)	41,097	12,014
Commitments payable	12.434	7,536
Bonuses	9,204	14,321
Exclusive health plan	4.985	6,906
Provision for disposal of assets	1,540	3,296
Provision for group life insurance	5,836	5,651
Other provision	16,004	12,584
	91.101	62,308

(i) In December 2011 the Company discontinued its operations in Aratu (Bahia) and in December 2014 Ouro Preto (Minas Gerais). The amounts above represent the

obligations for environmental and labor restructuring expenses recorded up to March 31 2020, which are reviewed and adjusted on a quarterly basis according to a technical valuation.

24 Insurance (unaudited)

The Company has a risk management program with the objective of covering the Company's risks, and contracting insurance coverage compatible with its size and operations. The coverage was contracted for the amounts indicated below, which were considered sufficient by management to cover claims, considering the nature of its activity, the risks involved in its operations and the advice of its insurance brokers.

At March 31, 2020, the Company had the following insurance policies, contracted with third parties:

Lines	Amounts insured (unaudited)
Fire damage to property, plant and equipment	
Property	11,179
Small hydroelectric power plants	73,661
Multi-risk	63,100
Civil liability	4,000
	151,940

25 Events after the reporting period

At the end of December 2019, news of COVID-19 was being reported by the international media, with contamination still restricted to China. By early 2020, contamination had affected countries in Europe and later globally.

In Brazil, the first cases were reported in late February, with community contaminated in March, leading to social distancing as a preventive measure, impacting a series of businesses across all segments of the economy.

Novelis' financial results for the year ended March 31, 2020 were not materially impacted by COVID-19. The situation of COVID-19 continues to evolve; at the time of issuance of these financial statements, there been no significant impacts on the Company. The manufacturing plants continue to operate, since they serve markets considered essential, especially the food, beverage and pharmaceutical packaging markets. However, a reduction in demand has been noted in the short term related to demand for products. In order to mitigate this impact, a contingency plan is in place to optimize resources.

The situation continues to be monitored by the management. At present, it is not possible to assess the potential impacts on the Company's business; transparency is being given to reflect the actual situation.

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