Novelis South America Holdings LLC

Financial Statements and Related Notes As of March 31, 2017

(Unaudited)

Novelis South America Holdings LLC

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CERTIFICATION

I, Stephanie Rauls, have reviewed the attached unaudited standalone financial statements for Novelis South America Holdings LLC and certify that the information included therein accurately reflects the financial position of Novelis South America Holdings LLC as of 31 March 2017 and the results of its operations for the year then ended.

By: Stephanie Rauls

Name: Stephanie Rauls

Title: Chief Accounting Officer & Controller

Date: 5/16/2017

Novelis Inc.
3560 Lenox Rd, Suite 2000
Atlanta, Georgia 30326

Telephone +1 404 760 4000
Fax +1 404 760 0120

Website www.novelis.com
Email info@novelis.com

Novelis South America Holdings LLC

BALANCE SHEET (unaudited)

(In thousands, except number of shares)

	March 31,	
	2017	**2016**
ASSETS		
Total assets	$ -	$ -
LIABILITIES AND SHAREHOLDER'S EQUITY		
Total liabilities	-	-
Shareholder's equity		
Common stock, no par value; one share authorized; 1 share issued and outstanding as of March 31, 2017 and 2016	-	-
Additional paid–in capital	1	1
Accumulated deficit	(1)	(1)
Total shareholder's equity	-	-
Total liabilities and shareholder's equity	$ -	$ -

See accompanying notes to financial statements.

Novelis South America Holdings LLC

STATEMENT OF OPERATIONS (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
Income before income taxes	$ -	$ -
Income tax provision	-	-
Net income	$ -	$ -

See accompanying notes to financial statements.

Novelis South America Holdings LLC

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
Net income	$ -	$ -
Comprehensive income	$ -	$ -

See accompanying notes to financial statements.

Novelis South America Holdings LLC

STATEMENT OF CASH FLOWS (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
OPERATING ACTIVITIES		
Net income	$ -	$ -
Net cash provided by operating activities	-	-
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Net cash provided by financing activities	-	-
Net increase in cash and cash equivalents	-	-
Effect of exchange rate changes on cash	-	-
Cash and cash equivalents — beginning of period	-	-
Cash and cash equivalents — end of period	$ -	$ -

See accompanying notes to financial statements.

Novelis South America Holdings LLC

STATEMENT OF SHAREHOLDER'S EQUITY (unaudited)

(In thousands, except number of shares)

	Common Shares		Additional Paid-in Capital	(Accumulated Deficit)	Total Equity
	Shares	Amount			
Balance as of March 31, 2015	1	$ -	$ 1	$ (1)	$ -
Net income	-	-	-	-	-
Balance as of March 31, 2016	1	-	1	(1)	-
Net income	-	-	-	-	-
Balance as of March 31, 2017	1	$ -	$ 1	$ (1)	$ -

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to the “Company,” “we,” “our,” or “us” refer to Novelis South America Holdings LLC unless the context specifically indicates otherwise.

Organization and Description of Business

Novelis South America Holdings LLC was formed in the United States of America on June 9, 2006. All of Novelis South America Holdings LLC’s common shares are directly held by Novelis Inc. (Canada). The Company's functional and reporting currency is United States Dollar (USD).

Use of Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Basis of Presentation

These financial statements have been prepared to satisfy the reporting requirements of the ultimate parent company, Hindalco Industries Limited, for the sole purpose of complying with the Companies Act, 2013 (“The 2013 Act”). In accordance with Sections 136 and 137 of The 2013 Act, it is required to present separate subsidiary financial statements, and Section 137 further requires entities with foreign subsidiaries to submit individual financial statements of such foreign subsidiaries along with its own standalone and consolidated financial statements. Thus, the results of the Company's separate financial statements are included in the consolidated financial statements of our direct parent, Novelis Inc. and our ultimate parent, Hindalco Industries Limited, and those consolidated financial statements are publicly available.

U.S. GAAP requires that wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control, entities in which we have a controlling financial interest and entities for which we are deemed to be the primary beneficiary be consolidated. The books and records of Novelis South America Holdings LLC are prepared and recorded under U.S. GAAP. Accordingly, we have presented these financial statements on a standalone unconsolidated basis, which is a deviation from U.S. GAAP as it is not feasibly possible to present these statements in another basis of accounting other than books and records of the subsidiary. Otherwise, these separate financial statements are prepared in accordance with U.S. GAAP.

These statements have not been audited, as there is no local jurisdictional requirement to present audited standalone subsidiary financial statements. When applicable, Investments in subsidiaries are presented using the cost method.

Risks and Uncertainties

We are exposed to a number of risks in the normal course of our operations that could potentially affect our financial position, results of operations, and cash flows.

Operating Guarantees

We have issued guarantees on behalf of certain of Novelis Inc.'s subsidiaries. The indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of the other subsidiaries hold any assets of any third parties as collateral to offset the potential settlement of these guarantees.

Guarantees of Indebtedness

On August 29, 2016, Novelis Corporation, an indirect wholly owned subsidiary of Novelis Inc., issued $1.15 billion in aggregate principal amount of 6.25% Senior Notes Due 2024 (the 2024 Notes). On September 14, 2016, Novelis Corporation issued $1.5 billion in aggregate principal amount of 5.875% Senior Notes Due 2026 (the 2026 Notes, and together with the 2024 Notes, the Notes). The 2024 and 2026 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries. We have issued guarantees on behalf of Novelis Inc.'s (the Parent and Issuer) 2024 Notes and 2026 Notes. As of March 31, 2017, no contingent loss has been recorded related to the guarantee of debt.

The Notes contain customary covenants and events of default that will limit our ability and, in certain instances, the ability of certain of our subsidiaries to (1) incur additional debt and provide additional guarantees, (2) pay dividends or return capital beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of the Company's subsidiaries to pay dividends or make other distributions to the Company, (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of our assets and the assets of certain of our subsidiaries. During any future period in which either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc. have assigned an investment grade credit rating to the Notes and no default or event of default under the indenture has occurred and is continuing, most of the covenants will be suspended. The Notes include a cross-acceleration event of default triggered if (1) any other indebtedness with an aggregate principal amount of more than $100 million is (1) accelerated prior to its maturity or (2) not repaid at its maturity. As of March 31, 2017, we were in compliance with the covenants in the Notes. The Notes also contain customary call protection provisions for our bond holders that extend through August 2022 for the 2024 Notes and through September 2024 for the 2026 Notes.