NOVELIS SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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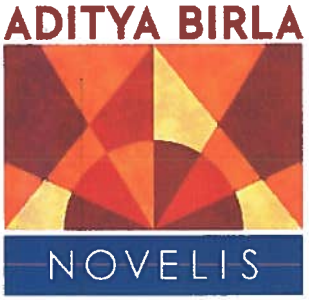

Novelis Services Limited

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

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

Registered in England Number 6628654

Strategic Report

Strategic report for the year ended 31 March 2017

The directors present their strategic report on the Company for the year ended 31 March 2017.

Activity, review of the business and future development

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

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

Financial risk management / principal risks and uncertainties

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

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

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

Key Performance Indicators

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

On behalf of the Board

F Lucido
Director

28 April 2017

Directors' Report

The directors present their report together with the audited financial statements of the Company for the year ended 31 March 2017.

1. Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:
F. Lucido
C. Courts
J. Quick

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

2. Future development of the Company

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

3. Results and dividends

The result for the year is set out on page 6. No ordinary dividends were paid during the year (2016: NIL).

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

4. Subsequent events

There have been no subsequent events.

5. Statement of Directors' Responsibilities

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

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

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

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

6. Provision of information to auditors

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

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

7. Independent Auditors

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

On behalf of the Board

F Lucido
Director

28 April 2017

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELIS SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Novelis Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELIS SERVICES LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Stuart Couch

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

2 May 2017

Statement of comprehensive income for the year ended 31 March 2017

Registered in England
Number 6628654

	Note	2017 US$'000	2016 US$'000
Revenue	4	**86,025**	92,097
Cost of sales		**(41,299)**	(37,366)
Gross profit		**44,726**	54,731
Administrative Expense		**(95)**	730
Interest receivable and similar income	7	**6,872**	4,865
Profit before taxation	5	**51,503**	60,326
Tax on profit	8	**(9,437)**	(9,591)
Profit for the financial year	13	**42,066**	50,735
Total comprehensive income for the year		**42,066**	50,735

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

Novelis Services Limited

Statement of financial position as at 31 March 2017

	Note	2017 US$'000	2016 US$'000
Fixed assets			
Intangible assets	9	**165,825**	175,875
		165,825	175,875
Current assets:			
Debtors (including $177,000,000 (2016: $132,000,000) due after one year)	10	**207,988**	152,398
Cash at bank and in hand		**332**	2,579
		208,320	154,977
Creditors: amounts falling due within one year	11	**(2,781)**	(1,554)
Net current assets		**205,539**	153,423
Total assets less current liabilities		**371,364**	329,298
Net assets		**371,364**	329,298
Equity			
Called up share capital	12	**201,010**	201,010
Profit and loss account	13	**170,354**	128,288
Total shareholders' funds	14	**371,364**	329,298

The financial statements on pages 6 to 13 were authorised by issue of the board of directors on 28 April 2017 and were signed on its behalf by:

F Lucido
Director

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

Statement of changes in equity for the year ended 31 March 2017

	Called up share capital US$000	Profit and loss account US$000	Total shareholders' funds US$000
Balance as at 1 April 2015	201,010	77,553	278,563
Profit for the financial year and total comprehensive income	-	50,735	50,735
Balance as at 31 March 2016	**201,010**	**128,288**	**329,298**
Balance as at 1 April 2016	201,010	128,288	329,298
Profit for the financial year and total comprehensive income	-	42,066	42,066
Balance as at 31 March 2017	**201,010**	**170,354**	**371,364**

Notes to the financial statements

1. General information and statement of accounting policies

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

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

A. Summary of significant accounting policies

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

B. Basis of preparation

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

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

C. Exemptions

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

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

D. Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

E. Revenue

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

Notes to the financial statements (continued)

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

F. Intangible assets

Intangible assets are recorded at cost.

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

Trademark Brand	5%

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

G. Foreign currency translation

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

2. Statement of compliance

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

3. Critical accounting judgements and estimation uncertainty

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

Critical accounting estimates and assumptions

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

Intangibles valuations

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

4. Revenue

An analysis of revenue by geographical market is as follows:

	2017 US$'000	2016 US$'000
United Kingdom	**1**	7
Rest of Europe	**8,682**	9,161
Americas	**72,412**	77,613
Asia	**4,117**	4,004
Middle East	**813**	1,312
	86,025	92,097

An analysis of revenue by category is as follows:

	2017 US$'000	2016 US$'000
Branding fees	**22,899**	24,550
Royalties	**63,126**	67,547
	86,025	92,097

Notes to the financial statements (continued)

5. Profit before taxation

	2017 US$'000	2016 US$'000
Profit before taxation is stated after charging		
Auditors' remuneration:		
- for audit services	29	29
Amortisation of tradename license (note 9)	10,050	10,050

6. Staff costs and directors' emoluments

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

7. Interest receivable and similar income

	2017 US$'000	2016 US$'000
Interest receivable on intercompany loans	6,872	4,865

8. Tax on profit

	2017 US$'000	2016 US$'000
Current tax:		
UK corporation tax on profits for the year	7,827	9,027
Double tax relief	(6,875)	(9,027)
Overseas tax incurred	8,485	9,591
Total current tax	9,437	9,591
Deferred tax charge	-	-
Total tax charge on profit on ordinary activities	9,437	9,591

UK corporation tax has been provided where applicable at a rate of 20% (2016: 20%).

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2017 US$'000	2016 US$'000
Profit before taxation	51,503	60,326
Profit before taxation multiplied by standard rate in the UK 20%	10,301	12,065
Effect of:		
Overseas tax suffered	8,485	9,591
UK deduction for overseas tax suffered	(6,875)	(9,027)
Group relief received for no charge	(2,474)	(3,038)
Total tax charge	9,437	9,591

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

Notes to the financial statements (continued)

9. Intangible assets

	Trademark License US $'000	Trademark US$'000	Total US$'000
Cost:			
At beginning of the year	100,000	201,000	301,000
Additions	-	-	-
At end of the year	100,000	201,000	301,000
Accumulated amortisation:			
At beginning of the year	100,000	25,125	125,125
Charge for the year	-	10,050	10,050
At end of the year	100,000	35,175	135,175
Net book amount at 31 March 2017	**-**	**165,825**	**165,825**
Net book amount at 31 March 2016	-	175,875	175,875

10. Debtors

	2017 US$'000	2016 US$'000
Amounts owed by group undertakings	**193,605**	144,137
Other debtors	**14,383**	7,511
Corporation tax	**-**	750
	207,988	152,398

Amounts owed by group undertakings includes $176,644,000 (2016:$132,014,000) falling due after more than one year.

The loan of $176,644k, bears interest at a rate of 4.5%, is due to be repaid to the Company by 17 December 2018. The amounts owed by group undertakings are unsecured.

11. Creditors: amounts falling due within one year

	2017 US$'000	2016 US$'000
Amounts owed to group undertakings	**2,562**	1,537
Accruals and deferred income	**17**	17
	2,579	1,554

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

12. Called up share capital

	2017 US$'000	2016 US$'000
Allotted, called up and fully paid:		
201,010,000 ordinary shares of $1 each (2016: 201,010,000)	**201,010**	201,010

13. Profit and loss account

	US$'000
At 1 April 2016	128,288
Profit for the financial year	42,066

At 31 March 2017	**170,354**

Notes to the financial statements (continued)

14. Reconciliation of movement in shareholder's funds

	2017 US$'000	2016 US$'000
Profit for the financial year and net increase of shareholders' funds	**42,066**	50,735
Opening shareholders' funds	**329,298**	278,563
Closing shareholders' funds	**371,364**	329,298

15. Contingent liabilities

As of 31 March 2017, the senior secured credit facilities consisted of (i) a $1.8 billion five-year secured term loan credit facility (Term Loan Facility) and (ii) a $1.0 billion five-year asset based loan facility (ABL Revolver). As of 31 March 2017, $18 million of the Term Loan Facility is due within one year. All the assets of the Company, along with those of certain other companies in the Novelis Inc. group, have been pledged as security for these facilities. As of 31 March 2017, there was $184M outstanding on the ABL facility. (2016: $394m).

16. Ultimate parent company

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

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