4260856 Canada Inc.

Financial Statements and Related Notes As of March 31, 2017

(Unaudited)

4260856 Canada Inc.

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ADITYA BIRLA
NOVELIS

CERTIFICATION

I, Nichole Robinson, have reviewed the attached unaudited standalone financial statements for 4260856 Canada Inc. and certify that the information included therein accurately reflects the financial position of 4260856 Canada Inc. as of 31 March 2017 and the results of its operations for the year then ended.

By: _____
Name: Nichole Robinson
Title: Vice President
Date: 25 May 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

4260856 Canada Inc.

BALANCE SHEET (unaudited)

(In thousands, except number of shares)

	March 31,	
	2017	**2016**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1	$ 1
Total current assets	1	1
Investment in subsidiary	183,970	183,970
Total assets	$ 183,971	$ 183,971
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accrued expenses and other current liabilities	$ 2,041	$ 975
Total current liabilities	2,041	975
Total liabilities	2,041	975
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 100 shares issued and outstanding as of March 31, 2017 and 2016	-	-
Additional paid–in capital	183,971	183,971
Accumulated deficit	(2,041)	(975)
Total shareholder's equity	181,930	182,996
Total liabilities and shareholder's equity	$ 183,971	$ 183,971

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF OPERATIONS (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
Dividend income — related parties	$ -	$ -
Income before income taxes	-	-
Income tax provision	1,066	544
Net loss	$ (1,066)	$ (544)

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
Net loss	$ (1,066)	$ (544)
Comprehensive loss	$ (1,066)	$ (544)

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF CASH FLOWS (unaudited)

(In thousands)

	Year Ended March 31,	
	2017	**2016**
OPERATING ACTIVITIES		
Net loss	$ (1,066)	$ (544)
Adjustments to determine net cash provided by operating activities:		
Changes in assets and liabilities:		
Other current liabilities	1,066	544
Net cash provided by operating activities	-	-
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Net cash (used in) financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents — beginning of period	1	1
Cash and cash equivalents — end of period	$ 1	$ 1

See accompanying notes to financial statements.

4260856 Canada Inc.

STATEMENT OF SHAREHOLDER'S DEFICIT (unaudited)

(In thousands, except number of shares)

	Common Shares		Additional Paid-in	Accumulated	Total
	Shares	Amount	Capital	Deficit	Equity
Balance as of March 31, 2015	100	$ -	$ 183,971	$ (431)	$ 183,540
Net loss	-	-	-	(544)	(544)
Balance as of March 31, 2016	100	-	183,971	(975)	182,996
Net loss	-	-	-	(1,066)	(1,066)
Balance as of March 31, 2017	100	$ -	$ 183,971	$ (2,041)	$ 181,930

See accompanying notes to financial statements.

4260856 Canada Inc.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to the "Company," "we," "our," or "us" refer to 4260856 Canada Inc. unless the context specifically indicates otherwise.

Organization and Description of Business.

4260856 Canada Inc. was formed in Canada on November 10, 2004. All 4260856 Canada Inc. 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. The principal areas of judgment relate to tax uncertainties and valuation allowances. 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 th primary beneficiary be consolidated. The books and records of Novelis Corporation 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 insubsidiaries 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.

Cash and Cash Equivalents

"Cash and cash equivalents" includes investments that are highly liquid and have maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate their fair value due to the short-term nature of these instruments.

Investments in Subsidiaries

For purposes of these standalone financial statements, we account for our investments in subsidiaries using the cost method. See Note 2 - Investments in Subsidiaries and Related Party Transactions for further discussion.

Income Taxes

We account for income taxes using the asset and liability method. This approach recognizes the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates. Under ASC 740, *Income Taxes* (ASC 740), a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient taxable income through various sources.

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 December 17, 2010, Novelis Inc. issued $1.1 billion in aggregate principal amount of 8.375% Senior Notes Due 2017 (the 2017 Notes) and $1.4 billion in aggregate principal amount of 8.75% Senior Notes Due 2020 (the 2020 Notes, and together with the 2017 Notes, the Notes). We have issued guarantees on behalf of Novelis Inc.'s (the Parent and Issuer) 2017 Notes and 2020 Notes. This guarantee is full and unconditional as well as joint and several. As of March 31, 2016, no contingent loss has been recorded related to the guarantee of debt.

The Notes contain customary covenants and events of default that will limit Novelis Inc.'s ability and, in certain instances, the ability of certain of Novelis Inc.'s 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 Novelis Inc.'s subsidiaries to pay dividends or make other distributions to Novelis Inc., (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate Novelis Inc.'s subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of Novelis Inc.'s assets and the assets of certain of Novelis Inc.'s 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 accelerated prior to its maturity or (2) not repaid at its maturity. As of March 31, 2017, Novelis Inc. was in compliance with the covenants in the Notes.

2. INVESTMENTS IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The following table summarizes our ownership percentage of our subsidiaries in which we have an investment as of March 31, 2017 and March 31, 2016 (in thousands) using the cost method.

	March 31,		Participation
	2017	2016	
Novelis Korea Limited	$ 183,970	$ 183,970	40.74%

Below is the dividend income related to the investment we have in our subsidiary, which is shown as related party in the accompanying statement of operations (in thousands).

	March 31,	
	2017	2016
Dividend Income - related party	$ 183,970	$ 183,970

3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

"Accrued expenses and other current liabilities" consists of the following (in thousands).

	March 31,	
	2017	2016
Accrued witholding tax	$ 2,041	$ 975
Accrued expenses and other current liabilities - third party	$ 2,041	$ 975

4. INCOME TAXES

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable).

We are subject to Canadian and local income taxes. The domestic (Canada) components of our "(Loss) Income before income taxes" are as follows (in thousands).

	Year Ended March 31,	
	2017	2016
Domestic (Canada)	$ -	$ -
Pre-tax income	$ -	$ -

The components of the "Income tax provision" are as follows (in thousands), which are related to withholding taxes.

	Year Ended March 31,	
	2017	2016
Current provision:		
Domestic (Canada)	$ 1,066	$ 544
Total current	1,066	544
Deferred provision:		
Domestic (Canada)	-	-
Total deferred	-	-
Income tax provision	$ 1,066	$ 544

Deferred Income Taxes

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for income tax purposes, and the impact of available net operating loss (NOL) and tax credit carryforwards. These items are stated at the enacted tax rates that are expected to be in effect when taxes are actually paid or recovered.

The Company had total deferred tax assets of $0 and $299 thousand arising from net operating losses at March 31, 2017 and 2016, respectively.

ASC 740 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that we will be unable to realize a portion of our deferred tax assets and that a valuation allowance of $299 thousand was necessary as of March 31, 2016.

It is reasonably possible that our estimates of future taxable income may change within the next 12 months, resulting in a change to the valuation allowance.

As of March 31, 2016, we had net operating loss carryforwards of approximately $299 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2032. As of March 31, 2016, a valuation allowance of $299 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

The Company has not provided deferred taxes on undistributed earnings of its non-domestic subsidiaries, as the Company does not currently plan to initiate any action that would result in these earnings being repatriated. It is not practicable to determine the income tax liability that would be payable if such earnings were not reinvested indefinitely.