Novelis MEA Ltd.

Directors' report and financial statements for the year ended 31 March 2017

Novelis MEA Ltd.

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Novelis MEA Ltd.

Directors' report

The directors submit their report together with the audited financial statements of Novelis MEA Ltd. (the "Company") for the year ended 31 March 2017.

Incorporation and registered office

The Company was incorporated on 16 October 2012 as a limited liability company under the Companies Law - DIFC Law No. 2 of 2009, as amended, of the Dubai International Financial Centre ("DIFC"), bearing registration number 1278. The registered address of the Company is Office No. 902, Level 9, Al Fattan Currency House Tower 2, Dubai International Financial Centre, P.O. Box 506780, Dubai, United Arab Emirates.

The Company is a wholly owned subsidiary of Novelis Inc. (the "immediate parent company"), a company registered under tax number 980 393 167 with head office at 191 Evans Avenue, Toronto, Ontario M8Z 1J5, Canada. The ultimate parent company is Hindalco Industries Limited.

Principal activities

The principal activity of the Company is to import and export aluminium.

Results

The results of the Company for the year ended 31 March 2017 are set out on page 6 of the financial statements.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

.....
Director

30 April 2017

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Independent auditor's report to the shareholder of Novelis MEA Ltd.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Novelis MEA Ltd. (the "Company") as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the balance sheet 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;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the *Director's report* (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the shareholder of Novelis MEA Ltd. (continued)

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 may 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 may 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 the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report to the shareholder of Novelis MEA Ltd. (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Report on other legal and regulatory requirements

Further, we report that the Company's financial statements have been properly prepared in accordance with the applicable provisions of the Companies Law - DIFC Law No. 2 of 2009, as amended.

PricewaterhouseCoopers
30 April 2017

Paul Suddaby
Registered Auditor No. 309
Dubai, United Arab Emirates

Novelis MEA Ltd.

Balance sheet

	Note	As at 31 March 2017 USD	2016 USD
ASSETS			
Non-current asset			
Property and equipment	5	-	65
Current assets			
Trade and other receivables	6	**66,237,415**	92,338,141
Advances to suppliers	7	-	44,687
Due from related parties	15	**48,149,503**	43,176,337
Derivative financial instruments	14	-	31,614
Cash and cash equivalents	8	**9,614,322**	6,857,665
		124,001,240	142,448,444
Total assets		**124,001,240**	142,448,509
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	**50,000**	50,000
Contributed capital	9	**862,286**	862,286
Retained earnings		**40,658,185**	18,809,894
Total equity		**41,570,471**	19,722,180
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	16	**62,644**	85,994
Current liabilities			
Trade and other payables	10	**7,002,121**	8,378,594
Advances from customers	11	**15,019**	10,894
Due to related parties	15	**75,350,985**	102,248,395
Borrowings	13	-	12,000,000
Derivative financial instruments	14	-	2,452
		82,368,125	122,640,335
Total liabilities		**82,430,769**	122,726,329
Total equity and liabilities		**124,001,240**	142,448,509

These financial statements were approved by the Board of Directors on 30 April 2017 and signed on its behalf by:

.....

Director

The notes set out on pages 9 to 25 form an integral part of these financial statements.

Novelis MEA Ltd.

Statement of comprehensive income

	Note	Year ended 31 March 2017 USD	2016 USD
Revenue	17	**296,959,773**	430,800,478
Cost of sales	18	**(271,140,829)**	(410,015,445)
Gross profit		**25,818,944**	20,785,033
Administrative expenses	19	**(5,635,930)**	(10,196,110)
Derivative financial instruments: (losses) / gains - net	14	**(29,162)**	29,162
Other income		**474,933**	715,729
Operating profit		**20,628,785**	11,333,814
Finance income	20	**1,609,958**	875,698
Finance costs	21	**(390,452)**	(691,766)
Finance income - net		**1,219,506**	183,932
Profit for the year		**21,848,291**	11,517,746
Other comprehensive income		**-**	-
Total comprehensive income for the year		**21,848,291**	11,517,746

The notes set out on pages 9 to 25 form an integral part of these financial statements.

Novelis MEA Ltd.

Statement of changes in equity

	Share capital	Contributed capital	Retained earnings	Total
	USD	USD	USD	USD
As at 1 April 2015	50,000	862,286	7,292,148	8,204,434
Comprehensive income				
Profit and total comprehensive income for the year	-	-	11,517,746	11,517,746
As at 31 March 2016	50,000	862,286	18,809,894	19,722,180
As at 1 April 2016	**50,000**	**862,286**	**18,809,894**	**19,722,180**
Comprehensive income				
Profit and total comprehensive income for the year	**-**	**-**	**21,848,291**	**21,848,291**
As at 31 March 2017	**50,000**	**862,286**	**40,658,185**	**41,570,471**

The notes set out on pages 9 to 25 form an integral part of these financial statements.

Novelis MEA Ltd.

Notes to the financial statements for the year ended 31 March 2017

Statement of cash flows

	Note	Year ended 31 March 2017 USD	2016 USD
Cash flows from operating activities			
Profit for the year		**21,848,291**	11,517,746
Adjustments for:			
Depreciation	5	**65**	217,943
Provision for employees' end of service benefits	16	**14,682**	39,215
Fair value (losses) / gains on derivative financial instruments	14	**29,162**	(29,162)
Interest income	20	**(1,609,958)**	(875,698)
Interest and other financing expenses	21	**390,452**	691,766
Operating cash flows before payment of employees' end of service benefits and changes in working capital		**20,672,694**	11,561,810
Payment of employees' end of service benefits	16	**(38,032)**	(4,958)
Operating cash flows before changes in working capital		**20,634,662**	11,556,852
Changes in working capital:			
Trade and other receivables		**26,100,726**	(8,848)
Advances to suppliers		**44,687**	31,846,989
Trade and other payables		**(1,378,380)**	2,938,880
Advances from customers		**4,125**	7,184
Due from related parties		**(5,227,980)**	(41,145,670)
Due to related parties		**(26,897,410)**	(53,014,538)
Interest received		**1,742,500**	544,921
Financial assets at fair value through profit or loss		**-**	(86,540)
Net cash generated from/ (used in) operating activities		**15,022,930**	(47,360,770)
Cash flows from financing activities			
Proceeds from borrowings		**86,000,000**	237,000,000
Repayment of borrowings		**(98,000,000)**	(225,000,000)
Interest paid		**(84,936)**	(318,640)
Financing expenses paid		**(181,337)**	(370,373)
Net cash (used in)/ generated from financing activities		**(12,266,273)**	11,310,987
Net increase / (decrease) in cash and cash equivalents		**2,756,657**	(36,049,783)
Cash and cash equivalents at beginning of the year		**6,857,665**	42,907,448
Cash and cash equivalents at end of the year	8	**9,614,322**	6,857,665

Notes to the financial statements for the year ended 31 March 2017

1 Legal status and activities

Novelis MEA Ltd. (the "Company") was incorporated on 16 October 2012 as a limited liability company under the Companies Law - DIFC Law No. 2 of 2009, as amended, of the Dubai International Financial Centre ("DIFC"), bearing registration number 1278. The registered address of the Company is Office No. 902, Level 9, Al Fattan Currency House Tower 2, Dubai International Financial Centre, P.O. Box 506780, Dubai, United Arab Emirates.

The principal activity of the Company is to import and export aluminium. The Company commenced its trading operations from 1 April 2013.

The Company is a wholly owned subsidiary of Novelis Inc. (the "immediate parent company"), a company registered under tax number 980 393 167 with head office at 191 Evans Avenue, Toronto, Ontario M8Z 1J5, Canada. The ultimate parent company is Hindalco Industries Limited, a company incorporated in Worli, Mumbai 400 030, India.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS 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. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Changes in accounting policy and disclosures

(a) New and amended standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on 1 April 2016:

- Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 - 2013 Cycle.

The adoption of the new standards, amendments or interpretations did not have a significant impact on the financial statements.

There are no other IFRS or IFRS IC interpretations that are effective for the first time for the financial year beginning on 1 April 2016 that would be expected to have a material impact on the Company.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IFRS 9 'Financial instruments' (effective 1 January 2018);
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018); and
- IFRS 16 'Leases' (effective 1 January 2019).

There are no other IFRS or IFRS IC interpretations that not yet are effective that would be expected to have a material impact on the Company.

2.2 Foreign currency

The financial statements are presented in US Dollars ("USD") which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Transactions in a foreign currency are initially recorded in the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange as at the dates of the initial transactions.

2.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates calculated to reduce the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

	Years
Leasehold improvements	3
Office equipment	3

2 Summary of significant accounting policies (continued)

2.3 Property and equipment (continued)

The residual values and useful lives of items of property and equipment are reviewed at the reporting date and adjusted if appropriate, at the end of the reporting period.

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables', 'due from related parties' and 'cash and cash equivalents' in the balance sheet.

2 Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

2.5.2 Recognition and measurement

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Such financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income.

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost less provision for impairment. The amortised cost is computed using the effective interest method.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a 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 flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows 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 recognised in the statement of comprehensive income.

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 recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.8 Trade and other receivables

Trade and other receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 End of service benefits

Provision is made, using actuarial techniques, for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision relating to employees' end of service benefits is disclosed as a non-current liability.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that the Company will be required to settle the obligation and the amount can be reliably estimated. Provisions are recorded at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are not recognised for future operating losses.

2 Summary of significant accounting policies (continued)

2.14 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for selling goods in the normal course of the Company's activities. Revenue is recorded net of any taxes, trade discounts and financial discounts.

Revenue from the sale of goods is recognised when: i) the amount of revenue can be reliably measured; ii) it is probable that future economic benefits will flow to the Company; and iii) a significant proportion of the risks and rewards have been transferred to the buyer.

2.15 Leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2.17 Interest income

Interest income is recognised using the effective interest method.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company under policies approved by management.

Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Market risk (continued)

Foreign exchange risk

The Company is not significantly exposed to currency risk as a majority of its transactions are primarily denominated in USD.

Fair value interest rate risk and cash flow interest rate risk

The Company is exposed to cash flow interest rate risk on its short-term bank borrowings which carry a variable interest rate (Note 13) and is exposed to fair value interest rate risk on the amount due from Novelis Corporation and Novelis Inc., which carries a fixed interest rate (Note 15).

At 31 March 2017 the Company did not have short-term bank borrowings. At 31 March 2016, if interest rates on short-term bank borrowings were higher/ lower by 1%, the interest expense during the year would have been higher / lower and the profit for the year would have been lower/ higher by USD 0.2 million.

Price risk

The price of aluminum commodities is subject to fluctuations due to changes in global market prices. To mitigate such risks, the Company enters into derivative instruments to minimise such risks.

Credit risk

Credit risk measurement

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk in mainly attributable to trade and other receivables, balances due from related parties, derivative financial assets and cash at bank. The Company has no significant concentrations of credit risk. The Company assesses the credit quality of customers by considering their financial position, past experience and other factors. The Company has established credit limits for customers and monitors their balances. In addition, the Company has no significant risk arising on balances with financial institutions since cash is placed with reputable financial institutions. The Company considers the risk associated with related party balances to be low.

The maximum exposure to credit risk is the carrying amount of assets at the reporting date.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from related parties. This includes capital contributions from the shareholder or extended payment terms on amounts due to related parties.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities (including future interest payable, if any):

	Carrying amount USD	Contractual cash flows USD	Less than 1 year USD
31 March 2017			
Trade and other payables	**6,998,579**	**6,998,579**	**6,998,579**
Due to related parties	**75,350,985**	**75,350,985**	**75,350,985**
Borrowings	**-**	**-**	**-**
Derivative financial instruments	**-**	**-**	**-**
	82,349,564	**82,349,564**	**82,349,564**
31 March 2016			
Trade and other payables	8,375,061	8,375,061	8,375,061
Due to related parties	102,248,395	102,248,395	102,248,395
Borrowings	12,000,000	12,000,000	12,000,000
Derivative financial instruments	2,452	2,452	2,452
	122,625,908	122,625,908	122,625,908

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (borrowings less cash and cash equivalents) divided by total capital (total equity plus net debt). The gearing ratio as at 31 March 2017 was:

	2016 USD
Borrowings	**12,000,000**
Less: Cash and cash equivalents	**(6,857,665)**
Net debt	**5,142,335**
Total equity	**19,722,180**
Total capital	**24,864,515**
Gearing ratio	**21%**

The Company had no borrowings as at 31 March 2017 and was, therefore, ungeared.

3 Financial risk management (continued)

3.3 Fair value estimation

Fair value is determined by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial assets and financial liabilities approximates their carrying value except derivative financial instruments as disclosed in note 14.

4 Financial instruments by category

	2017 USD	2016 USD
Assets as per the balance sheet		
Loans and receivables		
Cash and cash equivalents	**9,614,322**	6,857,665
Trade and other receivables (excluding VAT receivable)	**66,237,415**	92,215,891
Due from related parties	**48,149,503**	43,176,337
Assets - at fair value through profit or loss		
Derivative financial instruments	**-**	31,614
	124,001,240	142,281,507
Liabilities as per the balance sheet		
Liabilities - at amortised cost		
Trade and other payables	**6,998,579**	8,375,061
Due to related parties	**75,350,985**	102,248,395
Borrowings	**-**	12,000,000
Liabilities - at fair value through profit or loss		
Derivative financial instruments	**-**	2,452
	82,349,564	122,625,908

4 Financial instruments by category (continued)

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings as follows:

	2016 USD	2016 USD
Cash at bank		
Externally rated financial assets (Moody's)		
A1	**150,246**	210,205
A2	**9,352,478**	2,161,589
Aa2	**111,327**	4,469,955
Aaa	**271**	-
	9,614,322	6,841,749
Without external rating		
Trade and other receivables (excluding VAT receivable)	**66,237,415**	92,215,891
Due from related parties	**48,149,503**	43,176,337
	114,386,918	135,392,228

5 Property and equipment

	Leasehold improvements USD	Office equipment USD	office equipment (other) USD	Total USD
Cost				
Balance at 1 April 2015, 31 March 2016 and 1 April 2016	468,526	183,721	1,942	654,189
Additions during the year	-	-	-	-
Balance at 31 March 2017	468,526	183,721	1,942	654,189
Depreciation				
At 1 April 2015	312,319	122,567	1,295	436,181
Charge for the year	156,160	61,136	647	217,943
At 31 March 2016 and 1 April 2016	468,479	183,703	1,942	654,124
Charge for the year	47	18	-	65
At 31 March 2017	468,526	183,721	1,942	654,189
Net book amount				
At 31 March 2017	-	-	-	-
At 31 March 2016	47	18	-	65

6 Trade and other receivables

	2017 USD	2016 USD
Trade receivables	**65,928,486**	92,021,093
VAT receivable	**-**	122,250
Deposits	**46,620**	46,620
Other receivables	**262,309**	148,178
	66,237,415	92,338,141

Trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above which approximates their fair value at the reporting date. The Company does not hold any collateral as security. Trade and other receivables are all denominated in USD.

Trade receivables are normally due within 60 days from the date an invoice is raised. Trade receivables are considered past due based on their respective credit period. The ageing analysis of trade receivables is as follows:

	2017 USD	2016 USD
Less than 60 days (Not past due, fully performing)	**62,578,406**	84,817,735
More than 60 days (Past due but not impaired)	**3,350,080**	7,203,358
	65,928,486	92,021,093

As at 31 March 2017, trade receivables of USD 3,350,080 (2016: USD 7,203,358) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 USD	2016 USD
Up to 6 moths	-	4,042,343
6 to 12 months	**3,350,080**	3,423
	3,350,080	4,045,766

As at 31 March 2017, the Company had a concentration of credit risk with six (2015: six) of the largest customers accounting for 69% (31 March 2016: 64%) of the gross trade receivables. Management is confident that this concentration of credit risk will not result in a loss to the Company as the customers have an established track record of meeting their financial obligations to the Company.

7 Advances to suppliers

	2017 USD	2016 USD
Advances to suppliers	-	44,687

8 Cash and cash equivalents

	2017 USD	2016 USD
Cash on hand	-	15,916
Cash at bank	9,614,322	6,841,749
	9,614,322	6,857,665

Balances are held with a local branch of an international bank and with other international banks.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents mentioned above.

The carrying value of cash and cash equivalents approximates their fair value.

9 Share capital

	2017 USD	2016 USD
Authorised, issued and fully paid-up capital		
50 shares (2015: 50 shares) of USD 1,000 each	50,000	50,000
Contributed capital	862,286	862,286
	912,286	912,286

During the period from 16 October 2012 to 31 March 2013, the immediate parent company contributed additional capital as follows: the first on 4 February 2013 of USD 163,336, the second on 13 March 2013 of USD 298,950 and the last on 15 March 2013 of USD 400,000. These amounts have been accounted for as contributed capital.

10 Trade and other payables

	2017 USD	2016 USD
Trade payables	3,455,976	4,503,060
Other payables	44,527	350,520
Accruals	3,498,076	3,521,481
Tax and social security (Note 12)	3,542	3,533
	7,002,121	8,378,594

The carrying value of trade and other payables approximates their fair value.

11 Advance from customers

	2017 USD	2016 USD
Advances from customers	**15,019**	10,894

12 Tax and social security

	2017 USD	2016 USD
Withholding tax payable	**1,728**	1,729
Contributions for social security payable	**1,814**	1,804
	3,542	3,533

13 Borrowings

	2017 USD	2016 USD
At 1 April	**12,000,000**	-
Proceeds from borrowings	**86,000,000**	237,000,000
Repayment of borrowings	**(98,000,000)**	(225,000,000)
At 31 March	**-**	12,000,000

During the prior year, the Company obtained loans from two banks (Woori Bank and Korea Exchange Bank). The balance outstanding as at 31 March 2016 was with Woori Bank (USD 10,000,000) and Korea Exchange Bank (USD 2,000,000). The borrowings were repaid during the year.

The loan from Woori Bank had an average interest rate of 2.03% (2016: 2.03%) and the loan from Korea Exchange Bank had an average interest rate of 2.45% (2016: 2.43%) per annum during the year.

14 Derivative financial instruments

The Company enters into financial instruments (swaps) with Novelis AG (a related party) to fix the purchase price of aluminium, in order to reduce the risk of adverse price movements, which do not meet the requirements set out in IFRS to be accounted as hedges. These instruments have therefore been recorded at fair value through profit or loss. Swaps falls under level 2 of the fair value hierarchy. The notional amount of the derivatives at 31 March 2017 was zero (2016: USD 2,684,700). The Company's derivatives as at 31 March 2017 and 2016 were:

	2017 USD		2016 USD	
	Assets	**Liabilities**	Assets	Liabilities
Swaps	**-**	**-**	31,614	2,452

15 Related party transactions and balances

Related parties include the immediate parent company, ultimate parent companys, companies under common control and key management personnel. During the year, the Company entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

Transactions with related parties

	2017 USD	2016 USD
Transactions with the immediate parent company		
Interest income	**3,202**	-
Transactions with companies under the common control of the ultimate parent company		
Product sales	**11,756,792**	13,227,483
Product purchases	**259,694,858**	397,139,588
Interest income	**1,606,756**	875,698
Other income (expenses recoveries)	**402,236**	170,795
Professional charges	**2,718,588**	6,692,695
Administrative expenses (others)	**776,967**	102,111

Related party balances

	2017 USD	2016 USD
Due from related parties		
Immediate parent company	**15,055,355**	103,891
Companies under the common control of the ultimate parent company		
Novelis Korea	**3,021,300**	2,723,767
Novelis Deutschland GmbH	**-**	-
Novelis Brasil Ltda (Pindamonhangaba)	**130**	130
Novelis AG	**-**	17,771
Novelis Corporation	**30,072,718**	40,330,778
	48,149,503	43,176,337

15 Related party transactions and balances (continued)

Related party balances (continued)

	2017 USD	2016 USD
Due to related parties		
Immediate parent company	**62,095**	122,958
Companies under the common control of the ultimate parent Company		
Novelis Deutschland GmbH	**5,321,678**	25,201,833
Novelis Korea	**52,326,650**	58,636,488
Novelis Brasil Ltda (Pindamonhangaba)	**16,997,471**	18,017,084
Novelis AG	**18,233**	-
Novelis Services	**-**	150,490
Novelis Corporation	**624,858**	119,542
	75,350,985	102,248,395

Amounts due to and due from related parties are unsecured and repayable on demand other than the amounts due from Novelis Corporation which had a repayment dates of 30 April 2017 and Novelis Inc. which had a repayment date of 28 April 2017. Amounts due from related parties do not contain any impaired assets.

The amounts due from Novelis Corporation and Novelis Inc. carry an interest rate of 4.25% per annum as at 31 March 2017 (2016: 4.25%). All other amounts due to and due from related parties are interest free.

Compensation of key management personnel including directors was as follows:

	For the year ended 31 March 2017 USD	For the year ended 31 March 2016 USD
Salaries	**101,291**	179,864
Provision for employees' end of service benefits	**5,196**	16,514
Allowances and other benefits	**42,405**	72,831
	148,892	269,209

16 Provision for employees' end of service benefits

	2017 USD	2016 USD
At 1 April	**85,994**	51,737
Charge for the year (Note 22)	**14,682**	39,215
Payments during the year	**(38,032)**	(4,958)
At 31 March	**62,644**	85,994

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 March 2017, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (2016: Nil) per annum. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.15% (2016: 4.16%) per annum. The present values of the obligations at 31 March 2017 was not materially different from the provision computed in accordance with the UAE Labour Law.

17 Revenue

	For the year ended 31 March 2017 USD	For the year ended 31 March 2016 USD
Product sales	**296,959,773**	430,800,478

18 Cost of sales

Product purchases	**271,140,829**	410,015,445

19 Administrative expenses

	For the year ended 31 March 2017 USD	For the year ended 31 March 2016 USD
Professional charges	**3,171,898**	7,092,659
Staff costs (Note 22)	**650,325**	829,867
Travel and accommodation	**288,170**	246,299
Rent and leases	**229,809**	222,533
Depreciation (Note 5)	**65**	217,943
Others	**1,295,663**	1,586,809
	5,635,930	10,196,110

20 Finance income

Interest income	**1,609,958**	875,698

21 Finance costs

Interest on borrowings	**95,970**	321,393
Financing expenses	**294,482**	370,373
	390,452	691,766

22 Staff costs

Salaries	**421,264**	403,523
Provision for employees' end of service benefits	**14,682**	39,215
Allowances and other benefits	**214,379**	387,129
	650,325	829,867

23 Operating lease commitments

The approximate minimum annual rental commitments of the Company under the existing lease agreements are as follows:

	2017 USD	2016 USD
Within one year	**196,080**	210,075
Between one and three years	**-**	179,741
	196,080	389,816