Novelis Corporation

Financial Statements and Related Notes As of March 31, 2017

(Unaudited)

Novelis Corporation

Table of Contents

	Page Number
TABLE OF CONTENTS	1
CERTIFICATION	2
BALANCE SHEET (UNAUDITED)	3
STATEMENT OF OPERATIONS (UNAUDITED)	4
STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)	5
STATEMENT OF CASH FLOWS (UNAUDITED)	6
STATEMENT OF SHAREHOLDERS'S EQUITY (UNAUDITED)	7
1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	8
2. RESTRUCTURING AND IMPAIRMENT	21
3. ACCOUNTS RECEIVABLE	22
4. INVENTORIES	23
5. PROPERTY, PLANT AND EQUIPMENT	24
6. GOODWILL AND INTANGIBLE ASSETS	26
7. INVESTMENTS IN SUBSIDIARIES AND RELATED PARTY TRANSACTIONS	28
8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	30
9. DEBT	31
10. SHARE-BASED COMPENSATION	34

11. POST RETIREMENT BENEFIT PLANS **38**

12. CURRENCY (GAINS) LOSSES **45**

13. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS **46**

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSSES) **48**

15. FAIR VALUE MEASUREMENTS **49**

16. OTHER (INCOME) EXPENSE **52**

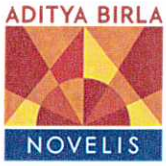
17. INCOME TAXES **53**

18. COMMITMENTS AND CONTINGENCIES **55**

19. MEZZANINE EQUITY AND SHAREHOLDER'S DEFICIT **57**

20. SUPPLEMENTAL INFORMATION **58**

Novelis Corporation



CERTIFICATION

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

By: _____
Name: Stephanie Rauls
Title: Chief Accounting Officer & Controller
Date:

Novelis Corporation

BALANCE SHEET (unaudited)

(In millions, except number of shares)

	March 31,	
	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 25	$ 1
Accounts receivable, net		
— third parties (net of allowances)	172	203
— related parties	313	179
Inventories	416	343
Prepaid expenses and other current assets	7	7
Fair value of derivative instruments	34	12
Total current assets	967	745
Property, plant and equipment, net	1,056	1,093
Goodwill	275	275
Intangible assets, net	268	310
Other long–term assets	484	5
Total assets	$ 3,050	$ 2,428
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities		
Current portion of long–term debt	$ 1	$ 1
Short–term borrowings		
— related parties	106	115
Accounts payable		
— third parties	412	358
— related parties	66	222
Fair value of derivative instruments	69	26
Accrued expenses and other current liabilities		
— third parties	131	93
— related parties	12	76
Total current liabilities	797	891
Long–term debt, net of current portion		
— third parties	2,608	-
— related parties	584	808
Deferred income tax liabilities	172	177
Accrued postretirement benefits	204	202
Other long–term liabilities	31	24
Total liabilities	4,396	2,102
Commitments and contingencies		
Mezzanine equity		
Redeemable preferred shares, $0.01 par value; 20,000 preferred shares authorized; 10,000 shares issued and outstanding as of March 31, 2017 and 2016	-	1,681
Shareholder's deficit		
Common stock, $0.01 par value; 10,000 common shares authorized; 4,945 shares issued and outstanding as of March 31, 2017 and 2016	-	-
Additional paid–in capital	-	-
Accumulated deficit	(1,275)	(1,293)
Accumulated other comprehensive loss	(71)	(62)
Total shareholder's deficit	(1,346)	(1,355)
Total liabilities and deficit	$ 3,050	$ 2,428

See accompanying notes to financial statements.

Novelis Corporation

STATEMENT OF OPERATIONS (unaudited)

(In millions)

	Year Ended March 31,	
	2017	**2016**
Net sales:		
— third parties	$ 3,121	$ 3,141
— related parties	527	538
Total net sales	3,648	3,679
Cost of goods sold, including related parties (exclusive of depreciation and amortization)	3,062	3,368
Selling, general and administrative expenses	167	156
Depreciation and amortization	142	136
Research and development expenses	47	43
Interest expense		
— related parties	139	45
Loss (gain) on change in fair value of derivative instruments, net	82	(66)
Restructuring and impairment, net	2	14
Other income, net	(45)	(36)
	3,596	3,660
Income before income taxes	52	19
Income tax provision	24	3
Net income	$ 28	$ 16

See accompanying notes to financial statements.

Novelis Corporation

STATEMENT OF COMPREHENSIVE INCOME (LOSS) (unaudited)

(In millions)

	Year Ended March 31,	
	2017	**2016**
Net income	$ 28	$ 16
Other comprehensive (loss) income:		
Currency translation adjustment	(24)	-
Change in pension and other benefits, net	24	(44)
Other comprehensive loss before income tax effect	-	(44)
Income tax provision (benefit) related to items of other comprehensive income (loss)	9	(16)
Other comprehensive loss, net of tax	(9)	(28)
Comprehensive income (loss)	$ 19	$ (12)

See accompanying notes to financial statements.

Novelis Corporation

STATEMENT OF CASH FLOWS (unaudited)

(In millions)

	Year Ended March 31,	
	2017	2016
OPERATING ACTIVITIES		
Net income	$ 28	$16
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	142	136
Loss (gain) on change in fair value of derivative instruments, net	83	(66)
Loss on sale of assets	3	4
Non-cash impairment charges	2	14
Deferred income taxes	(14)	(51)
Amortization of fair value adjustments, net	8	11
Amortization of debt issuance costs and carrying value adjustment	3	-
Other, net	(1)	-
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(103)	(2)
Inventories	(73)	111
Accounts payable	(102)	(68)
Other current assets	-	9
Other current liabilities	(26)	36
Other noncurrent assets	(479)	25
Other noncurrent liabilities	24	(8)
Net cash (used by) provided by operating activities	(505)	$167
INVESTING ACTIVITIES		
Capital expenditures	(76)	(159)
(Outflows) proceeds from settlement of other undesignated derivative instruments, net	(52)	60
Net cash used in investing activities	(128)	(99)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	2,650	-
Proceeds from issuance of debt, related parties	(14)	140
Extinguishment of preferred shares	(1,681)	
Principal payments of long-term and short-term borrowings, net	(210)	(1)
Short-term borrowings, related parties	(9)	(62)
Dividends paid	(10)	(160)
Debt issuance costs	(45)	-
Net cash provided by (used in) financing activities	681	(83)
Net increase (decrease) in cash and cash equivalents	48	(15)
Effect of exchange rate changes on cash	(24)	-
Cash and cash equivalents — beginning of period	1	16
Cash and cash equivalents — end of period	$ 25	$ 1

See accompanying notes to financial statements.

Novelis Corporation

STATEMENT OF SHAREHOLDERS'S EQUITY (unaudited)

(In millions, except number of shares)

	Preferred Shares		Common Shares		Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income (AOCI)	Total Mezzanine Equity and Shareholder's (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of March 31, 2015	**10,000**	**$ 1,681**	**4,945**	**$ -**	**$ -**	**$ (963)**	**$ (34)**	**$ 684**
Net income	-	-	-	-	-	16	-	16
Change in pension and other benefits, net of tax provision of $27 million included in AOCI	-	-	-	-	-	-	(28)	(28)
Related party transaction settlement	-	-	-	-	-	5	-	5
Capital contribution	-	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	(160)	-	(160)
Recharacterization of prior year cumulative contributed capital to loan payable	-	-	-	-	-	(191)	-	(191)
Balance as of March 31, 2016	**10,000**	**1,681**	**4,945**	**-**	**-**	**(1,293)**	**(62)**	**326**
Net income	-	-	-	-	-	28	-	28
Currency translation adjustment, net of tax in AOCI	-	-	-	-	-	-	(24)	(24)
Change in pension and other benefits, net of tax provision of $9 million included in AOCI	-	-	-	-	-	-	15	15
Dividends declared	-	-	-	-	-	(10)	-	(10)
Extinguishment of preferred shares	-	(1,681)	-	-	-	-	-	(1,681)
Balance as of March 31, 2017	**10,000**	**$ -**	**$ 4,945**	**$ -**	**$ -**	**$ (1,275)**	**$ (71)**	**$ (1,346)**

See accompanying notes to financial statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization and Description of Business

Novelis Corporation was formed in the United States of America on January 1, 2005. All of Novelis Corporation's common shares are directly held by Novelis Holdings, Inc. All of Novelis Corporation's preferred shares were directly held by Novelis Inc. (Canada). All of Novelis Holdings Inc.'s shares are directly held by Novelis Inc. (Canada). The Company's functional and reporting currency is United States Dollar (USD).

Included within Novelis Corporation are seven manufacturing facilities all located within the United States of America. These facilities produce aluminum sheet and light gauge products for use in the packaging market, which includes beverage, food can and foil products, as well as for use in the automotive, transportation, electronics, architectural and industrial product markets. We also have recycling operations in many of our plants to recycle post-consumer aluminum, such as used beverage cans (UBCs), and post-industrial aluminum, such as class scrap, mostly for other Novelis Corporation plants or other Novelis Inc. owned entities.

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 (1) the fair value of derivative financial instruments; (2) impairment of goodwill; (3) impairment of long lived assets and other intangible assets; (4) impairment and assessment of consolidation of equity investments; (5) actuarial assumptions related to pension and other postretirement benefit plans; (6) tax uncertainties and valuation allowances; and (7) assessment of loss contingencies, including environmental and litigation liabilities. 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 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 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.

Laws and regulations

We operate in an industry that is subject to a broad range of environmental, health and safety laws and regulations. These laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, the remediation of environmental contamination, post-mining reclamation and working conditions for our employees.

The costs of complying with these laws and regulations, including participation in assessments and remediation of contaminated sites and installation of pollution control facilities, have been, and in the future could be, significant. In addition, these laws and regulations may also result in substantial environmental liabilities associated with divested assets, third party locations and past activities.

We have established liabilities for environmental remediation where appropriate. However, the cost of addressing environmental matters (including the timing of any charges related thereto) cannot be predicted with certainty, and these liabilities may not ultimately be adequate, especially in light of potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, our potential liability to remediate sites for which provisions have not been previously established and the adoption of more stringent environmental laws. Such future developments could result in increased environmental costs and liabilities and could require significant capital expenditures, any of which could have a material adverse effect on our financial position or results of operations or cash flows. Furthermore, the failure to comply with our obligations under the environmental laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions or other orders, including orders to cease operations. In addition, the presence of environmental contamination at our properties could adversely affect our ability to sell a property, receive full value for a property or use a property as collateral for a loan.

Some of our current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances. Environmental laws typically provide for participation in permitting decisions, site remediation decisions and other matters. Concern about environmental justice issues may affect our operations. Should such community objections be presented to government officials, the consequences of such a development may have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation. In addition, such developments may

adversely affect our ability to expand or enter into new operations in such location or elsewhere and may also have an effect on the cost of our environmental remediation projects.

We use a variety of hazardous materials and chemicals in our rolling processes and in connection with maintenance work on our manufacturing facilities. Because of the nature of these substances or related residues, we may be liable for certain costs, including, among others, costs for health-related claims or removal or re-treatment of such substances. Although we have developed environmental, health and safety programs for our employees, including measures to reduce employee exposure to hazardous substances, and conduct regular assessments at our facilities, we are currently, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to substances at our current or former facilities. It is not possible to predict the ultimate outcome of claims and lawsuits due to the unpredictable nature of litigation. If any claims or lawsuits, individually or in the aggregate, were finally resolved against us, our financial position, results of operations and cash flows could be adversely affected.

Materials and labor

In the aluminum rolled products industry, our raw materials are subject to continuous price volatility. We may not be able to pass on the entire cost of the increases to our customers or offset fully the effects of higher raw material costs through productivity improvements, which may cause our profitability to decline. In addition, there is a potential time lag between changes in prices under our purchase contracts and the point when we can implement a corresponding change under our sales contracts with our customers. As a result, we could be exposed to fluctuations in raw materials prices, including metal, since, during the time lag period, we may have to temporarily bear the additional cost of the change under our purchase contracts, which could have a material adverse effect on our financial position, results of operations and cash flows. Significant price increases may result in our customers' substituting other materials, such as plastic or glass, for aluminum or switching to another aluminum rolled products producer, which could have a material adverse effect on our financial position, results of operations and cash flows.

We consume substantial amounts of energy in our rolling operations and our cast house operations. The factors that affect our energy costs and supply reliability tend to be specific to each of our facilities. A number of factors could materially adversely affect our energy position including, but not limited to: (a) increases in the cost of natural gas; (b) increases in the cost of supplied electricity or fuel oil related to transportation; (c) interruptions in energy supply due to equipment failure or other causes and (d) the inability to extend energy supply contracts upon expiration on economical terms. A significant increase in energy costs or disruption of energy supplies or supply arrangements could have a material adverse effect on our financial position, results of operations and cash flows.

A substantial portion of our employees are represented by labor unions under a large number of collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on our financial position, results of operations and cash flows.

Geographic markets

We are, and will continue to be, subject to financial, political, economic and business risks in connection with our global operations. We have made investments and carry on production activities in various emerging markets, including China, Brazil and South Korea, and we market our products in these countries, as well as certain other countries in Asia, Africa, and the Middle East. While we anticipate higher growth or attractive production opportunities from these emerging markets, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal and regulatory systems may be less developed and predictable, and the possibility of various types of adverse governmental action may be more pronounced. In addition, inflation, fluctuations in currency and

interest rates, competitive factors, civil unrest and labor problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as controls on imports, exports and prices, tariffs, new forms of taxation, changes in fiscal regimes and increased government regulation in the countries in which we operate or service customers. Unexpected or uncontrollable events or circumstances in any of these markets could have a material adverse effect on our financial position, results of operations and cash flows.

Other risk and uncertainties

In addition, refer to Note 15 — Fair Value Measurements and Note 18 — Commitments and Contingencies for a discussion of financial instruments and commitments and contingencies.

Revenue Recognition

We recognize sales when the revenue is realized or realizable, and has been earned. We record sales when a firm sales agreement is in place, delivery has occurred and collectability of the fixed or determinable sales price is reasonably assured.

We recognize product revenue, net of trade discounts, allowances, and estimated billing adjustments, in the reporting period in which the products are shipped and the title and risk of ownership pass to the customer, which is determined based on the individual customer contract of sale. Our standard terms of delivery are included in our contracts of sale, order confirmation documents and invoices. We sell most of our products under contracts based on a “conversion premium,” which is subject to periodic adjustments based on market factors. As a result, the aluminum price risk is largely absorbed by the customer. In situations where we offer customers fixed prices for future delivery of our products, we enter into derivative instruments for all or a portion of the cost of metal inputs to protect our profit on the conversion of the product.

Shipping and handling amounts we bill to our customers are included in “Net sales” in our statement of operations; and the related shipping and handling costs we incur are included in “Cost of goods sold, including related parties (exclusive of depreciation and amortization)” in our statement of operations.

Our customers can receive or earn certain incentives including, but not limited to, contract signing bonuses, cash discounts, volume based incentive programs, and support for infrastructure programs. The incentives are recorded as reductions to "Net sales," and are recognized over the minimum contractual period in which the customer is obligated to make purchases from Novelis. For incentives that must be earned, management must make estimates related to customer performance and sales volume to determine the total amounts earned and to be recorded in deductions from revenue. In making these estimates, management considers historical results. The actual amounts may differ from these estimates.

Cost of Goods Sold, including related parties (Exclusive of Depreciation and Amortization)

“Cost of goods sold, including related parties (exclusive of depreciation and amortization)” includes all costs associated with inventories, including the procurement of materials, the conversion of such materials into finished product, and the costs of warehousing and distributing finished goods to customers. Material procurement costs include inbound freight charges as well as purchasing, receiving, inspection and storage costs. Conversion costs include the costs of direct production inputs such as labor and energy, as well as allocated overheads from indirect production centers and plant administrative support areas. Warehousing and distribution expenses include inside and outside

Selling, General and Administrative Expenses

"Selling, general and administrative expenses" include selling, marketing and advertising expenses; salaries, travel and office expenses of administrative employees and contractors; legal and professional fees and software license fees.

Research and Development

We incur costs in connection with research and development programs that are expected to contribute to future earnings, and charge such costs against income as incurred. Research and development costs consist primarily of salaries and administrative costs.

Restructuring Activities

Restructuring charges, which are recorded within "Restructuring and impairment, net" in our statement of operations, include employee severance and benefit costs, impairments of assets, and other costs associated with exit activities. We apply the provisions of ASC 420, Exit or Disposal Cost Obligations (ASC 420). Severance costs accounted for under ASC 420 are recognized when management with the proper level of authority has committed to a restructuring plan and communicated those actions to employees. Impairment losses are based upon the estimated fair value less costs to sell, with fair value estimated based on existing market prices for similar assets. Other exit costs include environmental remediation costs and contract termination costs, primarily related to equipment and facility lease obligations. At each reporting date, we evaluate the accruals for restructuring costs to ensure the accruals are still appropriate. See Note 2 — Restructuring and Impairment for further discussion.

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.

We maintain amounts on deposit with various financial institutions, which may, at times, exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions, and we have not experienced any losses on such deposits.

Accounts Receivable

Our accounts receivable are geographically dispersed. We do not obtain collateral relating to our accounts receivable. We do not believe there are any significant concentrations of revenues from any particular customer or group of customers that would subject us to any significant credit risks in the collection of our accounts receivable. We report accounts receivable at the estimated net realizable amount we expect to collect from our customers.

Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. We write-off uncollectible accounts receivable against the allowance for doubtful accounts after exhausting collection efforts. For each of the periods presented, we performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for doubtful accounts. See Note 3 — Accounts Receivable for further discussion

Derivative Instruments

We hold derivatives for risk management purposes and not for trading. We use derivatives to mitigate uncertainty and volatility caused by underlying exposures to aluminum prices, foreign exchange rates, and energy prices. The fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date and are reported gross.

We may be exposed to losses in the future if the counterparties to our derivative contracts fail to perform. We are satisfied that the risk of such non-performance is remote due to our monitoring of credit exposures. Additionally, we enter into master netting agreements with contractual provisions that allow for netting of counterparty positions in case of default, and we do not face credit contingent provisions that would result in the posting of collateral.

We do not apply hedge accounting; therefore, all derivative gains or losses are recognized in "Loss on change in fair value of derivative instruments, net" in our statement of operations. We classify cash settlement amounts as part of investing activities in the statement of cash flows.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices for foreign exchange rates. See Note 13 — Financial Instruments and Commodity Contracts and Note 15 — Fair Value Measurements for additional discussion related to derivative instruments.

Inventories

We carry our inventories at the lower of their cost or market value, reduced for obsolete and excess inventory. We use the average cost method to determine cost. Included in inventories are stores inventories, which are carried at cost; determined based on the first-in first-out method. See Note 4 — Inventories for further discussion.

Property, Plant and Equipment

We record land, buildings, leasehold improvements and machinery and equipment at cost. We record assets under capital lease obligations at the lower of their fair value or the present value of the aggregate future minimum lease payments as of the beginning of the lease term. We generally depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. See Note 5 — Property, Plant and Equipment for further discussion.

The ranges of estimated useful lives are as follows:

	Years
Buildings	30 to 40
Leasehold improvements	7 to 20
Machinery and equipment	2 to 25
Furniture, fixtures and equipment	3 to 10
Equipment under capital lease obligations	5 to 15

As noted above, our machinery and equipment have useful lives of 2 to 25 years. Most of our large scale machinery, cold mills, furnaces and finishing mills have useful lives of 15 to 25 years. Supporting machinery and equipment, including automation and work rolls, have useful lives of 2 to 15 years.

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset, and when material, we capitalize interest on major construction and development projects while in progress.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balances are removed from the respective accounts, and the resulting net amount, after consideration of any proceeds, is included as a gain or loss in “Other expense (income), net” or "Gain on assets held for sale" in our statements of operations.

We account for operating leases under the provisions of ASC 840, Leases. These pronouncements require us to recognize escalating rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill

We test for impairment at least annually as of the last day of February of each fiscal year, unless a triggering event occurs that would require an interim impairment assessment. We do not aggregate components of operating segments to arrive at our reporting units and, as such, our reporting units are the same as our operating segments.

In performing our goodwill impairment test, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If we perform a qualitative assessment and determine that an impairment is more likely than not, then we perform the two-step quantitative impairment test, otherwise no further analysis is required. We also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment assessment will be the same whether we choose to perform the qualitative assessment or proceed directly to the two-step quantitative impairment test.

For the years ended March 31, 2017 and 2016 we elected to perform the two-step quantitative impairment test. No goodwill impairment was identified in any of the years. See Note 6 — Goodwill and Intangible Assets for further discussion.

We use the present value of estimated future cash flows to establish the estimated fair value of our reporting units as of the testing date. This approach includes many assumptions related to future growth rates, discount factors and tax rates, among other considerations. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairment in future periods. When available and as appropriate, we use the market approach to corroborate the estimated fair value. If the carrying amount of a reporting unit's goodwill exceeds its estimated fair value, the second step of the impairment test is performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value we would recognize an impairment charge in an amount equal to that excess in our consolidated statements of operations.

When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology.

Long-Lived Assets and Other Intangible Assets

We amortize the cost of intangible assets over their respective estimated useful lives to their estimated residual value. See Note 6 — Intangible Assets for further discussion.

We assess the recoverability of long-lived assets and finite-lived intangible assets, whenever events or changes in circumstances indicate that we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset (groups) to the expected, undiscounted future net cash flows to be generated by that asset (groups), or, for identifiable intangible assets, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets is based on the present value of estimated future cash flows. We measure the amount of impairment of other long-lived assets and intangible assets as the amount by which the carrying value of the asset exceeds the fair value of the asset, which is generally determined as the present value of estimated future cash flows or as the appraised value. Impairments of long-lived assets and intangible assets are included in "Restructuring and impairment, net" in the statement of operations. See Note 2 - Restructuring and Impairment to our accompanying financial statements for discussion on impairments.

Investments in Subsidiaries

For purposes of these standalone financial statements, we account for our investments in subsidiaries using the cost method. See Note 8 - Investments in Subsidiaries and Related Party Transactions for further discussion.

Financing Costs

We amortize financing costs and premiums, and accrete discounts, over the remaining life of the related debt using the effective interest amortization method. The expense is included in "Interest expense and amortization of debt issuance costs" in our statement of operations. We record discounts or premiums as a direct deduction from, or addition to, the face amount of the financing.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements and Disclosures (ASC 820), defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. ASC 820 also applies to measurements under other accounting pronouncements, such as ASC 825, Financial Instruments (ASC 825) that require or permit fair value measurements. ASC 825 requires disclosures of the fair value of financial instruments. Financial instruments we commonly encounter include: cash and cash equivalents; certificates of deposit; accounts receivable; accounts payable; foreign currency, energy and interest rate derivative instruments; cross-currency swaps; metal option and forward contracts; related party notes receivable and payable; letters of credit; short-term borrowings and long-term debt.

The carrying amounts of cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and current related party notes receivable, notes payable and related party debt approximate their fair value because of the short-term maturity and highly liquid nature of these instruments. The fair value of our letters of credit is deemed to be the amount of payment guaranteed on our behalf by third party financial institutions. We determine the fair value of our short-term borrowings and long-term debt based on various factors including maturity schedules, call features and current market rates. We also use quoted market prices, when available, or the present value of estimated future cash flows to determine fair value of short-term borrowings and long-term debt. When quoted market prices are not available for various types of financial instruments (such as currency, energy and interest rate derivative instruments, swaps, options and forward contracts), we use standard pricing models with market-based inputs, which take into account the present value of estimated future cash flows. See Note 15 — Fair Value Measurements for further discussion.

Pensions and Postretirement Benefits

Our pension obligations relate to funded defined benefit pension plans in Canada and unfunded defined benefit pension plans in Canada and the U.S. Our other postretirement obligations include unfunded health care and life insurance benefits provided to retired employees in Canada and U.S.

We account for our pensions and other postretirement benefits in accordance with ASC 715, *Compensation — Retirement Benefits* (ASC 715). We recognize the funded status of our benefit plans as a net asset or liability, with an offsetting adjustment to accumulated other comprehensive income in shareholder's (deficit) equity. The funded status is calculated as the difference between the fair value of plan assets and the benefit obligation. For the years ended March 31, 2017 and 2016, we used March 31 as the measurement date.

We use standard actuarial methods and assumptions to account for our pension and other postretirement benefit plans. Pension and postretirement benefit obligations are actuarially calculated using management's best estimates of the rate used to discount the future estimated liability, the long-term rate of return on plan assets, and several assumptions related to the employee workforce (compensation increases, health care cost trend rates, expected service period, retirement age, and mortality). Pension and postretirement benefit expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight-line amortization of net actuarial gains and losses and adjustments due to plan amendments, curtailments, and settlements. Net actuarial gains and losses are amortized over periods of 15 years or less, which represent the group's average future service life of the employees or the group's average life expectancy. See Note 11 — Postretirement Benefit Plans for further discussion.

Environmental Liabilities

We record accruals for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. We adjust these accruals periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Accruals for environmental liabilities are stated at undiscounted amounts. Environmental liabilities are included in our consolidated balance sheets in "Accrued expenses and other current liabilities" and "Other long-term liabilities," depending on their short- or long-term nature. Any receivables for related insurance or other third party recoveries for environmental liabilities are recorded when it is probable that a recovery will be realized and are included in our consolidated balance sheets in "Prepaid expenses and other current assets."

Costs related to environmental matters are charged to expense. Estimated future incremental operations, maintenance and management costs directly related to remediation are accrued in the period in which such costs are determined to be probable and estimable. See Note 18 — Commitments and Contingencies for further discussion.

Litigation Contingencies

We accrue for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. We expense professional fees associated with litigation claims and assessments as incurred. See Note 18 — Commitments and Contingencies 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 thecurrent 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.

We record tax benefits related to uncertain tax positions taken or expected to be taken on a tax return when such benefits meet a more than likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, the statute of limitation has expired or the appropriate taxing authority has completed their examination. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized. See Note 16 — Income Taxes for further discussion.

We used the benefits-for-loss method of tax allocation so that net operating losses are characterized as realized (or realizable). Net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) when those tax attributes are realized (or realizable) by the consolidated group of Novelis Corporation even if Novelis Corporation would not otherwise have realized the attributes on a stand-alone basis. Thus, when the benefit of the net operating loss (or other tax attribute) is recognized in the consolidated financial statements of Novelis Inc., generally a benefit is also reflected in its separate financial statements. See Note 17 — Income Taxes for further discussion.

Share-Based Compensation

In accordance with ASC 718, Compensation — Stock Compensation (ASC 718), we recognize compensation expense for a share-based award over an employee's requisite service period based on the award's grant date fair value, subject to adjustment. Our share-based awards are settled in cash and are accounted for as liability based awards. As such, liabilities for awards under these plans are required to be measured at fair value at each reporting date until the date of settlement. See Note 10 — Share-Based Compensation for further discussion.

Operating Guarantees

We have issued guarantees on behalf of certain of Novelis Corporation'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.

Recently Issued Accounting Standards

Effective for the first quarter of fiscal 2017, we early adopted FASB ASU 2016-05, Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships, which addresses a lack of guidance in existing US GAAP related to the impact of derivative contract novations on existing hedge accounting relationships under Accounting Standards Codification Topic 815, Derivatives and Hedging (ASC 815). The new guidance clarifies that a change in one of the parties (a novation) to a derivative contract that is part of an existing hedge accounting relationship under ASC 815 does not, in and of itself, require a de-designation of that hedge accounting relationship. The impact of the adoption will prospectively allow hedge accounting treatment to continue on existing hedges when a novation event occurs. Adoption of this standard is not expected to have an impact on our consolidated financial statements.

Effective for first quarter fiscal 2017, we early adopted FASB ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, on a prospective basis, which required all deferred taxes and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet.

Effective for the first quarter of fiscal 2017, we adopted the FASB ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory, which removes the requirement to measure inventory at the lower of cost or market whereas market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin, and requires an entity to measure inventory at the lower of cost or net realizable value. There was no impact upon adoption.

Effective for fiscal year 2017, we adopted FASB ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. We applied the amendments retrospectively to all periods presented in our postretirement benefit plans footnote disclosure on Form 10-K for the year ended March 31, 2017.

Effective for the first quarter of fiscal 2017, we adopted FASB ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which requires the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. In August 2015, the FASB issued ASU 2015-15, a clarifying amendment, allowing for debt issuance costs related to lines of credit being presented as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings on the line of credit arrangement. The impact of the adoption was a decrease in “Other long-term assets” and “Long-term debt, net of current portion” in the consolidated balance sheets as of March 31, 2016 of $30 million. We made the policy election to continue to present debt issuance costs related to lines of credit as an asset.

Effective for the first quarter fiscal 2017, we adopted FASB ASU 2015-02, Consolidations (Topic 810): Amendments to the Consolidations Analysis. The amendment (i) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership, (iii) affects the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships, and (iv) provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. There was no impact upon adoption.

Recently Issued Accounting Standards

In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This update was issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new guidance requires entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the “other components”) and present it with other current compensation costs for related employees in the results of operations and (2) present the other components elsewhere in the results of operations and outside of income from operations if that subtotal is presented. In addition, the new guidance requires entities to disclose the results of operations line items that contain the other components if they are not presented on appropriately described separate lines. The guidance is effective for public business entities for interim and annual periods beginning after December 15, 2017. For other entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods thereafter. Early adoption is permitted. Adoption of this standard is not expected to have an impact on our consolidated results of operations.

In February 2017, the FASB issued ASU 2017-06, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965), Employee Benefit Plan Master Trust Reporting (“ASU 2017-06”). This update primarily impacted the reporting by an employee benefit plan (a plan) for its interest in a master trust. The amendments in this update require all plans to

disclose (1) their master trust's other asset and liability balances and (2) the dollar amount of the plan's interest in each of those balances. The amendments in this update are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Adoption of this standard is not expected to have an impact on our consolidated financial position or results of operations.

In February 2017, the FASB issued ASU 2017-05, Other Income-Gains and Losses from the Derecognition of Non-financial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Non-financial Assets. The amendments in this update include (i) clarification that non-financial assets within the scope of ASC 610-20 may include non-financial assets transferred within a legal entity to a counterparty; (ii) clarification that an entity should allocate consideration to each distinct asset by applying the guidance in ASC 606 on allocating the transaction price to performance obligations; and (iii) a requirement for entities to derecognize a distinct non-financial asset or distinct in substance non-financial asset in a partial sale transaction when it does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with ASC 810, and transfers control of the asset in accordance with ASC 606. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted. Adoption of this standard is expected to have an immaterial impact on our consolidated financial position and results of operations.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, accounting guidance, which removes Step 2 from the goodwill impairment test.

As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. Under the simplified model, a goodwill impairment is calculated as the difference between the carrying amount of the reporting unit and its fair value, but not to exceed the carrying amount of goodwill allocated to that reporting unit. Early adoption is permitted. The guidance is effective for public business entities for interim and annual periods beginning after its annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are currently evaluating the impact of this standard and we do not expect the adoption of this standard will have an impact on our consolidated financial position and results of operations.

In January 2017, the FASB issued ASU 2017-01, Clarifying the Definition of a Business (Topic 805), which provides guidance on evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The new guidance amends ASC 805 to provide a more robust framework to use in determining when a set of assets and activities is a business. In addition, the amendments provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted. Adoption of this standard is not expected to have a current impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) - Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted. We are currently evaluating the impact of this standard and we believe that the adoption of this standard will have an immaterial impact on our statement of cash flow.

In October 2016, the FASB issued ASU 2016-16, Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory. The new guidance eliminates the exception for all intra-entity sales of assets other than inventory. The guidance will require the tax effects of intercompany transactions to be recognized currently and will likely impact reporting entities' effective tax rates. The guidance is effective for annual periods beginning after

December 15, 2017, and interim periods within those annual periods. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial position and results of operations.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. The new guidance applies to all entities that are required to present a statement of cash flows under Topic 230 and addresses specific cash flow items to provide clarification and reduce the diversity in presentation of these items. The guidance is effective for annual periods beginning after December 15, 2017 and interim periods within that year. Early adoption is permitted. Adoption of this standard is not expected to have any impact on our consolidated financial position and results of operations as our current policies are aligned with this standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which when effective will require organizations that lease assets (e.g., through "leases") to recognize assets and liabilities for the rights and obligations created by the leases on balance sheet. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help investors and financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial position and results of operations.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which, when effective, will supersede the guidance in former ASC 605, Revenue Recognition. The new guidance requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The guidance is effective for annual periods beginning after December 15, 2016 and interim periods within that year. Early adoption is not permitted. In August 2015, the FASB issued ASU 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date, which provides an optional one-year deferral of the effective date. Subsequent to these amendments, further clarifying amendments have been issued. We are currently evaluating the impact of the standard on our consolidated financial position and results of operations. We have begun assessing our contracts and drafting polices to implement the new revenue standards and will be implementing this standard during the first quarter of fiscal year 2019. We have not yet determined the impact of adopting the standard on our unaudited consolidated financial statements, nor have we determined whether we will utilize the full retrospective or modified retrospective approach.

2. RESTRUCTURING AND IMPAIRMENT

"Restructuring and impairment, net" for the year ended March 31, 2017 was $2 million, which related to impairment charges unrelated to restructuring actions of $2 million on certain non-core assets. "Restructuring and impairment, net" for the year ended March 31, 2016 was $14 million, which included impairment charges unrelated to restructuring actions of $1 million on certain non-core assets.

The following table summarizes our restructuring liability activity and other impairment charges (in millions).

	Total restructuring liabilities	Other restructuring charges (A)	Total restructuring charges	Other impairments (B)	Total Restructuring and impairments, net
Balance as of March 31, 2015	-				
Fiscal 2016 Activity:					
Expenses	-	$ 13	$ 13	$ 1	$ 14
Cash payments	-				
Balance as of March 31, 2016	$ -				
Fiscal 2017 Activity:					
Expenses	1	$ -	$ 1	$ 1	$ 2
Cash payments	(1)				
Balance as of March 31, 2017	$ -				

(A) Other restructuring charges include period expenses that were not recorded through the restructuring liability and impairments related to a restructuring activity.

(B) Other impairment charges not related to a restructuring activity.

The following table summarizes our restructuring activity plan (in millions).

	Year ended March 31,	
	2017	**2016**
Corporate Restructuring Program		
Asset Impairment (A)	1	13
Total restructuring charges	$ 1	$ 13
Restructuring payments - North America		
Severance	1	-
Other	-	-
Total restructuring payments	$ 1	$ -

3. ACCOUNTS RECEIVABLE

"Accounts receivable, net" consists of the following (in millions).

	March 31,	
	2017	2016
Trade accounts receivable - third parties	$ 169	$ 197
Accounts receivable — third parties	172	204
Allowance for doubtful accounts — third parties	-	(1)
Accounts receivable, net — third parties	$ 172	$ 203
Trade accounts receivable — related parties	$ 313	$ 179

Factoring of Trade Receivables

We factor trade receivables (collectively, we refer to these as "factoring" programs) based on local cash needs including the need to fund our strategic investments, as well as attempting to balance the timing of cash flows of trade payables and receivables, fund strategic investments, and fund other business needs. Factored invoices are not included in our consolidated balance sheets when we do not retain a financial or legal interest. If a financial or legal interest is retained, we classify these factorings as secured borrowings.

Summary Disclosures of Financial Amounts

The following tables summarize amounts relating to our factoring activities (in millions).

	Year Ended March 31,	
	2017	2016
Receivables factored	$ 1,183	$ 384
Factoring expense	$ 6	$ 5

	Year Ended March 31,	
	2017	2016
Factored receivables outstanding	$ 296	$ 222

4. INVENTORIES

"Inventories" consists of the following (in millions).

	March 31,	
	2017	2016
Finished goods	$ 120	$ 78
Work in process	184	129
Raw materials	84	109
Supplies	28	27
Inventories	$ 416	$ 343

5. PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment, net" consists of the following (in millions).

	March 31,	
	2017	2016
Land and property rights	$ 42	$ 39
Buildings	552	548
Machinery and equipment	1,402	1,355
	1,996	1,942
Accumulated depreciation and amortization	(966)	(870)
	1,030	1,072
Construction in progress	26	21
Property, plant and equipment, net	$ 1,056	$ 1,093

As of March 31, 2017 and 2016, there were $349 million and $314 million, respectively, of fully depreciated assets included in our consolidated balance sheets.

For the years ended March 31, 2017 and 2016, we capitalized $1 million and $5 million of interest related to construction of property, plant and equipment and intangibles under development, respectively. Depreciation expense related to property, plant, and equipment, net is shown in the table below (in millions).

	Year Ended March 31,	
	2017	2016
Depreciation expense related to property, plant and equipment, net	$ 106	$ 102

Asset impairments

Impairment charges are recorded in "Restructuring and impairment, net." See Note 2 — Restructuring and impairment for additional information.

Leases

We lease certain land, buildings and equipment under non-cancelable operating leases expiring at various dates. Operating leases generally have five to ten-year terms, with one or more renewal options, with terms to be negotiated at the time of renewal. Various facility leases include provisions for rent escalation to recognize increased operating costs or require us to pay certain maintenance and utility costs.

The following table summarizes rent expense included in our consolidated statements of operations (in millions):

	Year Ended March 31,	
	2017	2016
Rent expense	$ 3	$ 3

Future minimum lease payments as of March 31, 2017, for our operating and capital leases having an initial or remaining non-cancellable lease term in excess of one year are as follows (in millions).

Year Ending March 31,	Operating Leases	Capital Lease Obligations
2018	$ 3	$ 1
2019	2	-
2020	1	-
2021	1	-
2022	-	-
Thereafter	-	-
Total minimum lease payments	$ 7	$ 1
Less: interest portion on capital lease (A)		-
Principal obligation on capital leases		$ 1

(A) For the years ended March 31, 2017 and 2016, the interest portion on capital leases was less than $1 million.

Assets and related accumulated amortization under capital lease obligations as of March 31, 2017 and 2016 are as follows (in millions).

	March 31,	
	2017	2016
Assets under capital lease obligations:		
Machinery and equipment	$ 2	$ 3
Accumulated amortization	(1)	(2)
	$ 1	$ 1

6. GOODWILL AND INTANGIBLE ASSETS

The following table summarizes "Goodwill" (in millions) for the years ended March 31, 2017 and 2016.

	March 31, 2017			March 31, 2016		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
Goodwill	$ 1,135	$ (860)	$ 275	$ 1,135	$ (860)	$ 275

The components of "Intangible assets, net" are as follows (in millions).

		March 31, 2017			March 31, 2016		
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and software	12.14 years	$ 243	$ (130)	$ 113	$ 241	$ (109)	$ 132
Customer-related intangible assets	20 years	305	(150)	155	305	(135)	170
Favorable energy supply contract	9.5 years	-	-	-	124	(116)	8
	15.2 years	$ 548	$ (280)	$ 268	$ 670	$ (360)	$ 310

Our favorable energy supply contract is amortized over its estimated useful life using a method that reflects the pattern in which the economic benefits are expected to be consumed. The contract was fully amortized and matured in January 2017. All other intangible assets are amortized using the straight-line method.

Amortization expense related to "Intangible assets, net" is as follows (in millions):

	Year Ended March 31,	
	2017	2016
Total amortization expense related to intangible assets	$ 80	$ 45
Less: Amortization expense related to intangible assets included in "Cost of goods sold (exclusive of depreciation and amortization)" (A)	(44)	(11)
Amortization expense related to intangible assets included in "Depreciation and amortization"	$ 36	$ 34

(A) Relates to amortization of favorable energy supply contracts.

Estimated total amortization expense related to “Intangible assets, net” for each of the five succeeding fiscal years is as follows (in millions). Actual amounts may differ from these estimates due to such factors as customer turnover, raw material consumption patterns, impairments, additional intangible asset acquisitions and other events.

Fiscal Year Ending March 31,		
2018	$	43
2019		35
2022		35
2021		35
2022		35

7. 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 millions) using the cost method.

	March 31,		As of March 31, 2017
	2017	2016	Participation
Shareholdings - Common Shares			
Novelis Services (North America) Inc.	$ -	$ -	100%
Novelis PAE Corporation (B)	-	-	0%
Eurofoil Inc. (USA) (B)	-	-	0%
Logan Aluminum Inc.	-	-	40%
Novelis de Mexico, S.A. de C.V. (A)	-	-	99.99%
	$ -	$ -	

(A) As of March 31, 2017 and 2016, these investments were less than $1 million.
(B) As of March 31, 2017, these investments were dormant, repurposed and renamed to Novelis Global Employment Organization (GEO), effective December 15, 2015. This new entity is wholly owned by Novelis Holdings Inc.

Included in the accompanying financial statements are transactions and balances arising from business we conduct with our indirect parent, Novelis Inc., and its wholly-owned subsidiaries, which we classify as related party transactions and balances. The following table describes the period-end account balances that we had with these related parties, shown as related party balances in the accompanying balance sheet (in millions). See Note 9 - Debt for further information on our Long term debt-related parties and Short term borrowings-related parties.

	March 31,	
	2017	2016
Loan receivable- related party (A)	$ 244	$ 116
Accounts receivable-related parties	$ 61	$ 63
Interest receivable- related parties	$ 8	$ -
Accounts payable-related parties (B)	$ 66	$ 222
Interest payable-related parties (C)	$ 12	$ 76

(A) Loan receivable primarily relates to a Demand Note balance due from Novelis Inc., as of March 31, 2017.
(B) Included in Accounts receivable-related parties is $47 million of a receivable due from Kingston Works as of March 31, 2017.
(C) Included in “Accrued expenses and other current liabilities-related parties”.

Below is the interest income and interest expense related to the short term and long term notes and loans we have with our subsidiaries (in millions). See Note 9 — Debt for additional information on notes and loans due to related parties.

	March 31,	
	2017	2016
Interest expense - related parties	$ 48	$ 45

During the years ended March 31, 2017 and 2016, "Net product sales-related parties" were $527 million and $538 million, respectively.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31,	
	2017	2016
Accrued compensation and benefits	$ 35	$ 35
Other current liabilities	93	58
Accrued expenses and other current liabilities — third parties	$ 131	$ 93
Accrued interest payable (A)	12	76
Accrued expenses and other current liabilities — related party	$ 12	$ 76

(A) This represents interest on related party debt with Novelis Corporation and Novelis Holdings. See Note 9 — Debt for additional information on related party debt with Novelis Corporation, Novelis Holdings, Novelis do Brazil Ltda, Novelis MEA and Novelis Korea Inc.

9. DEBT

Debt consists of the following (in millions).

	Interest Rates (A)	March 31, 2017 Principal	March 31, 2017 Unamortized Carrying Value Adjustments	March 31, 2017 Carrying Value	March 31, 2016 Principal	March 31, 2016 Unamortized Carrying Value Adjustments	March 31, 2016 Carrying Value
Third party debt:							
Debt, due through March 2018	3.51%	$ 1	$ -	$ 1	$ 1	$ -	$ 1
5.875% Senior Notes, due December 2026	5.88%	$ 1,500	$ (23)	$ 1,477			
6.25% Senior Notes, due December 2024	6.25%	$ 1,150	$ (19)	$ 1,131			
Total debt — third parties		2,651	- (42)	- 2,609	- 1	- -	- 1
Less: Short term borrowings		-	-	-	-	-	-
Less: Current portion of long term debt		(1)	-	(1)	(1)	-	(1)
Long-term debt, net of current portion — third parties:		$ 2,650	$ (42)	$ 2,608	$ -	$ -	$ -
Related party debt:							
Short term borrowings	4.14%	$ 106	$ -	$ 106 (B)	$ 115	$ -	$ 115
Related party debt:							
6.8% Fixed, due April 2021 (Novelis Inc.)	6.80%	362	-	362 (B)	640	-	640
6.8% Fixed, due October 2022 (Novelis Holdings)	6.80%	222	-	222 (B)	168	-	168
Total debt — related parties		690	-	690	923	-	923
Less: Short term borrowings		(106)	-	(106)	(115)	-	(115)
Long-term debt, net of current portion — related parties:		$ 584	$ -	$ 584	$ 808	$ -	$ 808

(A) Interest rates are the stated rates of interest on the debt instrument (not the effective interest rate) as of March 31, 2017. We present stated rates of interest because they reflect the rate at which cash will be paid for future debt service.

(B) Related party long term debt represents a promissory note due to:

(1) Novelis Inc. (indirect parent), with a maturity date of April 7, 2021 bearing interest at a fixed rate of 6.8% per annum.

(2) Novelis Holdings, with a maturity date of October 3, 2022 bearing interest at a fixed rate of 6.8% per annum.

Principal repayment requirements for our total debt over the next five years and thereafter (excluding unamortized carrying value adjustments and using exchange rates as of March 31, 2017 for our debt denominated in foreign currencies) are as follows (in millions). The ability to repay debt is contingent upon the operating income of unconsolidated subsidiaries.

	As of March 31, 2017
Short-term borrowings and Current portion of long term debt due within one year	$ 107
2 years	-
3 years	-
4 years	-
5 years	362
Thereafter	2,872
Total	$ 3,341

Other Long-term Debt

As of March 31, 2017, we had approximately $1 million of other debt, including certain capital lease obligations, with due dates through July 2017.

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). The 2024 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

Additionally, 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 2026 Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

The Notes contain customary covenants and events of default that will limit the Novelis Inc.'s ability and, in certain instances, the ability of certain of its 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 Parent's subsidiaries to pay dividends or make other distributions to the Parent, (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 the 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 accelerated prior to its maturity or (2) not repaid at its maturity. As of March 31, 2017, Novelis Corp. was in compliance with the covenants in the Notes.

The senior secured credit facilities contain various affirmative covenants, including covenants with respect to our financial statements, litigation and other reporting requirements, insurance, payment of taxes, employee benefits and (subject to certain limitations) causing new subsidiaries to pledge collateral and guaranty our obligations. The senior secured credit facilities also include various customary negative covenants and events of default, including limitations on our ability to (1) make certain restricted payments, (2) incur additional indebtedness, (3) sell certain assets, (4) enter into sale and leaseback transactions, (5) make investments, loans and advances, (6) pay dividends or returns of capital and distributions beyond certain amounts, (7) engage in mergers, amalgamations or consolidations, (8) engage in certain transactions with affiliates, and (9) prepay certain indebtedness. Substantially all of our assets are pledged as collateral under the senior secured credit facilities.

10. SHARE-BASED COMPENSATION

The Company's board of directors has authorized long term incentive plans (LTIPs), under which Hindalco stock appreciation rights (Hindalco SARs), Novelis stock appreciation rights (Novelis SARs), phantom restricted stock units (RSUs), and Novelis Performance Units (Novelis PUs) are granted to certain executive officers and key employees.

The Hindalco SARs and Novelis SARs vest at the rate of 25% per year for plan year FY2011, FY2012, FY2013, FY2014, FY2015, FY2016 and 33% per year for plan year FY2017, subject to the achievement of an annual performance target, and expire 7 years from their original grant date. Each Hindalco SAR is to be settled in cash based on the difference between the market value of one Hindalco share on the date of grant and the market value on the date of exercise. Each Novelis SAR is to be settled in cash based on the difference between the fair value of one Novelis phantom share on the original date of grant and the fair value of a phantom share on the date of the exercise. The amount of cash paid to settle Hindalco SARs and Novelis SARs are limited to two and a half or three times the target payout, depending on the plan year. The Hindalco SARs and Novelis SARs do not transfer any shareholder rights in Hindalco or Novelis to a participant. The Hindalco SARs and Novelis SARs are classified as liability awards and are remeasured at fair value each reporting period until the SARs are settled.

The targets are set by the Novelis Inc. Board of Directors based on results of Novelis Inc. and other unconsolidated subsidiaries. The performance criterion for vesting of both the Hindalco SARs and Novelis SARs is based on the actual overall consolidated Novelis Inc. operating EBITDA compared to the target established and approved each fiscal year. The minimum threshold for vesting each year is 75% of each annual target operating EBITDA. Given that the performance criterion is based on an earnings target in a future period for each fiscal year, the grant date of the awards for accounting purposes is generally not established until the performance criterion has been defined.

The RSUs vest in full three years from the grant date for plan year FY2015, FY2016, and 33% per year for plan year FY2017, subject to continued employment with the Company, but are not subject to performance criteria. Each RSU is to be settled in cash equal to the market value of one Hindalco share. The payout on the RSUs is limited to three times the market value of one Hindalco share measured on the original date of grant. The RSUs are classified as liability awards and expensed over the requisite service period (three years) based on the Hindalco stock price as of each balance sheet date.

On May 13, 2013, the Company's board of directors amended the long-term incentive plans for fiscal years 2010 - 2013 (FY 2010 Plan), fiscal years 2011- 2014 (FY 2011 Plan), fiscal years 2012 - 2015 (FY 2012 Plan) and fiscal years 2013 - 2016 (FY 2013 Plan). The amendment gave each participant the option to cancel a portion of their outstanding Hindalco SARs for a lump-sum cash payment and/or the issuance of new Novelis SARs. The remaining Hindalco SARs and the new Novelis SARs continue to vest according to the terms and conditions of the original grant. The table below reflects the fiscal 2014 activity related to the participants' elections under the amendment.

In May 2016, the Company's board of directors approved the issuance of Novelis PUs which have a fixed $100 value per unit and will vest in full three years from the grant date, subject to specific performance criteria compared to the established target. The Company made a voluntary offer to the participants with outstanding Novelis SARs granted for fiscal years 2012 through 2016 to exchange their Novelis SARs for an equivalently valued number of Novelis PUs. The voluntary exchange resulted in 140,674 Novelis SARs being modified into PUs which are not based on Novelis' nor Hindalco's fair values and are accounted for outside the scope of ASC 718, Compensation - Stock Compensation. This exchange was accounted for as a modification. There were 9,102 of Novelis SARs that remain outstanding as of March 31, 2017.

Total compensation expense related to Hindalco SARs, Novelis SARs, and RSUs under the plans for the respective periods is presented in the table below (in millions). These amounts are included in "Selling, general and administrative expenses" in our consolidated statements of operations. As the performance criteria for fiscal years 2017, 2018 and 2019 have not yet been established, measurement periods for Hindalco SARs and Novelis SARs relating to those periods have not yet commenced. As a result, only compensation expense for vested and current year Hindalco SARs and Novelis SARs has been recorded.

	Year Ended March 31,	
	2017	2016
Total compensation expense (income)	$ 3	$ (1)

The table below shows the RSUs activity for the year ended March 31, 2017.

	Number of RSUs	Grant Date Fair Value (in Indian Rupees)	Aggregate Intrinsic Value (USD in millions)
RSUs outstanding as of March 31, 2016	584,213	126.76	$ 1
Granted	853,672	91.42	-
Exercised	(199,254)	106.76	0
Forfeited/Cancelled	(86,381)	118.19	-
RSUs outstanding as of March 31, 2017	1,152,250	104.68	$ 3

The table below shows Hindalco SARs activity for the year ended March 31, 2017.

	Number of Hindalco SARs	Weighted Average Exercise Price (in Indian Rupees)	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (USD in millions)
SARs outstanding as of March 31, 2016	2,687,113	126.91	4.3	$ -
Granted	471,081	91.97	6.1	-
Exercised	(781,186)	116.36	-	1
Forfeited/Cancelled	(313,291)	123.30	-	-
SARs outstanding as of March 31, 2017	2,063,717	123.44	4.2	2
SARs exercisable as of March 31, 2017	706,063	136.07	3.0	$ 1

The table below shows Novelis SARs activity for the year ended March 31, 2017.

	Number of Novelis SARs	Weighted Average Exercise Price (in USD)	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (USD in millions)
SARs outstanding as of March 31, 2016	167,035	82.51	4.9	-
Granted	-	-	-	-
Exercised	(1,081)	64.54	-	-
Forfeited/Cancelled	(156,852)	82.62	-	-
SARs outstanding as of March 31, 2017	9,102	82.82	2.9	-
SARs exercisable as of March 31, 2017	5,950	86.62	1.9	-

The fair value of each unvested Hindalco SAR was estimated using the following assumptions:

	Year ended March 31,	
	2017	2016
Risk-free interest rate	5.82% - 6.99%	7.23% - 7.68%
Dividend yield	0.51 %	1.14 %
Volatility	35% - 44%	43% - 44%

The fair value of each unvested Novelis SAR was estimated using the following assumptions:

	Year ended March 31,	
	2017	2016
Risk-free interest rate	0.78% -1.95%	0.89% - 1.39%
Dividend yield	—%	—%
Volatility	25% - 28%	38% - 41%

The fair value of each unvested Hindalco SAR was based on the difference between the fair value of a long call and a short call option. The fair value of each of these call options was determined using the Monte Carlo Simulation model. We used historical stock price volatility data of Hindalco on the National Stock Exchange of India to determine expected volatility assumptions. The risk-free interest rate is based on Indian treasury yields interpolated for a time period corresponding to the remaining contractual life. The forfeiture rate is estimated based on actual historical forfeitures. The dividend yield is estimated to be the annual dividend of the Hindalco stock over the remaining contractual lives of the Hindalco SARs. The value of each vested Hindalco SAR is remeasured at fair value each reporting period based on the excess of the current stock price over the exercise price, not to exceed the maximum payout as defined by the plans. The fair value of the Hindalco SARs is being recognized over the requisite performance and service period of each tranche, subject to the achievement of any performance criteria.

The fair value of each unvested Novelis SAR was based on the difference between the fair value of a long call and a short call option. The fair value of each of these call options was determined using the Monte Carlo Simulation model. We used the historical volatility of comparable companies to determine expected volatility assumptions. The risk-free interest rate is based on U.S. treasury yields for a time period corresponding to the remaining contractual life. The forfeiture rate is estimated based on actual historical forfeitures of Hindalco SARs. The value of each vested Novelis SAR is remeasured at fair value each reporting period based on the percentage increase in the current Novelis phantom stock price over the exercise price, not to exceed the maximum

payout as defined by the plans. The fair value of the Novelis SARs is being recognized over the requisite performance and service period of each tranche, subject to the achievement of any performance criteria.

The cash payments made to settle SAR liabilities were $1 million, $2 million, and $8 million, in the years ended March 31, 2017, 2016, and 2015, respectively. Total cash payments made to settle Hindalco RSUs were less than $1 million, $5 million, and $3 million in the years ended March 31, 2017, 2016 and 2015, respectively. Unrecognized compensation expense related to the non-vested Hindalco SARs (assuming all future performance criteria are met) was $1 million which is expected to be recognized over a weighted average period of 1.4 years. Unrecognized compensation expense related to the non-vested Novelis SARs (assuming all future performance criteria are met) was less than $1 million, which is expected to be recognized over a weighted average period of 1.4 years. Unrecognized compensation expense related to the RSUs was $2 million, which will be recognized over the remaining weighted average vesting period of 1.0 years.

11. POST RETIREMENT BENEFIT PLANS

Our pension obligations relate to funded defined benefit pension plans in the U.S. Our other postretirement obligations (Other Benefits, as shown in certain tables below) include unfunded health care and life insurance benefits provided to retired employees in the U.S.

In October 2014, the Society of Actuaries published an updated mortality table and mortality improvement scale for U.S. plans. We recognized an increase to our benefit obligation and net actuarial loss as a result of updating mortality assumptions applicable to our U.S. plans. These deferred costs will be amortized on a straight-line basis to net periodic benefit costs in future years.

In June 2014, the Company amended its U.S. non-union retiree medical plan to extend retirees' option to participate in a Retiree Health Access Exchange (RHA). For calendar years 2014 through 2017, the Company will subsidize a portion of the retiree medical premium rates of the RHA. The Company will not provide a subsidy beginning in calendar year 2018. The amendment to the plan resulted in a plan remeasurement and recognition of prior service costs of approximately $11 million which is being amortized on a straight-line basis through December 31, 2017, subject to an annual remeasurement adjustment.

In August 2013, the Company amended its U.S. non-union retiree medical plan. Beginning January 2014, the health care benefits provided by the Company to retirees was discontinued and replaced with the retirees' option to participate in a new Retiree Health Access Exchange. For calendar year 2014 and 2015, the Company will subsidize a portion of the retiree medical premium rates of the RHA. The amendment resulted in the Company no longer providing a subsidy beginning in calendar year 2016. The amendments to the plan resulted in a plan remeasurement and recognition of a negative plan amendment, which reduced our obligation by $97 million as of August 31, 2013. The negative plan amendment, net of unrecognized actuarial losses resulted in a credit balance of $70 million recorded in AOCI as of August 31, 2013. The $70 million is being amortized, on a straight-line basis, as a reduction to net periodic benefit cost from September 1, 2013 through December 31, 2015, subject to an annual remeasurement adjustment.

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to-date, and amortize unfunded actuarial liabilities typically over periods of 15 years or less. We also participate in savings plans in the U.S., as well as defined contribution pension plans in the U.S. We contributed the following amounts (in millions) to all plans.

	Year Ended March 31,	
	2017	2016
Funded pension plans	$ -	$ 2
Savings and defined contribution pension plans	$ 22	20
Total contributions	$ 22	$ 22

During fiscal year 2018, we expect to contribute less than $1 million to our funded pension plans, less than $1 million to our unfunded pension plans and approximately $22 million to our savings and defined contribution pension plans.

Benefit Obligations, Fair Value of Plan Assets, Funded Status and Amounts Recognized in Financial Statements

The following tables present the change in benefit obligation, change in fair value of plan assets and the funded status for pension and other benefits (in millions).

	Pension Benefits		Other Benefits	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Benefit obligation at beginning of period	$ 597	$ 590	$ 39	$ 48
Service cost	10	11	1	1
Interest cost	25	24	1	1
Benefits paid	(31)	(22)	(3)	(6)
Amendments	2	-	-	-
Actuarial losses (gains)	-	(6)	(4)	(5)
Benefit obligation at end of period	$ 602	$ 597	$ 34	$ 39
Benefit obligation of funded plans	$ 602	$ 597	$ -	$ -
Benefit obligation of unfunded plans	-	-	34	39
Benefit obligation at end of period	$ 602	$ 597	$ 34	$ 39

	Pension Benefits	
	Year Ended March 31,	
	2017	2016
Change in fair value of plan assets		
Fair value of plan assets at beginning of period	$ 429	$ 459
Actual return on plan assets	33	(10)
Benefits paid	(31)	(22)
Company contributions	-	2
Fair value of plan assets at end of period	$ 430	$ 429

	March 31,			
	2017		2016	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Funded status				
Funded status at end of period:				
Assets less the benefit obligation of funded plans	$ (172)	$ -	$ (168)	$ -
Benefit obligation of unfunded plans	-	34	-	(39)
	$ (172)	$ 34	$ (168)	$ (39)
As included on the balance sheet within Total assets (Total liabilities)				
Accrued expenses and other current liabilities	$ -	$ (2)	$ -	$ (5)
Accrued postretirement benefits	(172)	(32)	(168)	(34)
	$ (172)	$ (34)	$ (168)	$ (39)

The postretirement amounts recognized in “Accumulated other comprehensive loss,” before tax effects, are presented in the table below (in millions). Amounts are amortized to net periodic benefit cost over the group’s average future service life of the employees or the group's average life expectancy.

	March 31,			
	2017		2016	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Net actuarial (loss) / gain	$ (84)	$ 5	$ (100)	$ 4
Prior service (cost) credit	(2)	(6)	-	(1)
Total postretirement amounts recognized in Accumulated other comprehensive (loss) income	$ (86)	$ (1)	$ (100)	$ 3

The estimated amounts that will be amortized from “Accumulated other comprehensive loss” into net periodic benefit costs in fiscal year 2018 are $10 million for pension benefit costs primarily related to net actuarial losses of $10 million and $1 million for other postretirement benefits related to amortization of prior service.

The postretirement changes recognized in "Accumulated other comprehensive loss," before tax effects, are presented in the table below (in millions), and include the impact related to our equity method investments.

	March 31,			
	2017		2016	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Beginning balance in Accumulated other comprehensive (loss) income	$ (100)	$ 3	$ (76)	$ 21
Plan amendment	-	-	(34)	-
Net actuarial gain (loss)	5	3	-	5
Amortization of:	-	-	-	-
Prior service credits (costs)	(2)	2	1	(27)
Actuarial loss	12	2	9	4
Total postretirement amounts recognized in Accumulated other comprehensive (loss) income	$ (85)	$ 10	$ (100)	$ 3

Pension Plan Obligations

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets are presented in the table below (in millions).

	March 31,	
	2017	2016
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans:		
Projected benefit obligation	$ 602	$ 597
Accumulated benefit obligation	$ 562	$ 549
Pension plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	$ 602	$ 597
Fair value of plan assets	$ 430	$ 429
Pension plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	$ 562	$ 549
Fair value of plan assets	$ 430	$ 429

Future Benefit Payments

Expected benefit payments to be made during the next ten fiscal years are listed in the table below (in millions).

	Pension Benefits	Other Benefits
2018	$ 24	$ 3
2019	26	2
2020	27	2
2021	29	2
2022	31	2
2022 through 2026	173	11
Total	$ 310	$ 22

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost for the respective periods are listed in the table below (in millions).

	Pension Benefits		Other Benefits	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Net periodic benefit cost				
Service cost	$ 10	$ 11	$ 1	$ 1
Interest cost	25	24	1	1
Expected return on assets	(28)	(30)	-	-
Amortization — losses	11	9	2	(26)
Amortization — prior service cost (credit)	2	-	(1)	3
Net periodic benefit cost (income)	$ 20	$ 14	$ 3	$ (21)

Actuarial Assumptions and Sensitivity Analysis

The weighted average assumptions used to determine benefit obligations and net periodic benefit costs for the respective periods are listed in the table below.

	Pension Benefits		Other Benefits	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Weighted average assumptions used to determine benefit obligations				
Discount rate	4.1%	4.1%	3.6%	3.6%
Average compensation growth	3.5%	3.5%	0.0%	0.0%
Weighted average assumptions used to determine net periodic benefit cost				
Discount rate	4.1%	3.9%	3.6%	3.5%
Average compensation growth	3.5%	3.5%	0.0%	0.0%
Expected return on plan assets	6.3%	6.3%	0.0%	0.0%

In selecting the appropriate discount rate for each plan, for pension and other postretirement plans in Canada, the United States, we used spot rate yield curves and individual bond matching models.

In estimating the expected return on assets of a pension plan, consideration is given primarily to its target allocation, the current yield on long-term bonds in the country where the plan is established, and the historical risk premium of equity or real estate over long-term bond yields in each relevant country. The approach is consistent with the principle that assets with higher risk provide a greater return over the long-term. The expected long-term rate of return on plan assets is 6.3% in fiscal 2018.

We provide unfunded health care and life insurance benefits to our retired employees in the U.S., for which we paid $4 million in fiscal 2017 and $6 million in fiscal 2016. The assumed health care cost trend used for measurement purposes is 7% for fiscal 2018, decreasing gradually to 5% in 2026 and remaining at that level thereafter.

A change of one percentage point in the assumed health care cost trend rates would have the following effects on our other benefits (in millions).

	1% Increase	1% Decrease
Sensitivity Analysis		
Effect on service and interest costs	$ -	$ -
Effect on benefit obligation	$ 2	$ 2

Investment Policy and Asset Allocation

The Company's overall investment strategy is to achieve a mix of investments for long-term growth (equities, real estate) and for near-term benefit payments (debt securities, other) with a wide diversification of asset categories, investment styles, fund strategies and fund managers. Since most of the defined benefit plans are closed to new entrants, we expect this strategy to gradually shift more investments toward near-term benefit payments.

Each of our funded pension plan is governed by an Investment Fiduciary, who establishes an investment policy appropriate for the pension plan. The Investment Fiduciary is responsible for selecting the asset allocation for the plan, monitoring investment managers, monitoring returns versus benchmarks and monitoring compliance with the investment policy. The targeted allocation ranges by asset class, and the actual allocation percentages for each class are listed in the table below.

Fair Value of Plan Assets

As of March 31, 2017, $430 million of the pension plan assets for the were reported at net asset value.

12. CURRENCY (GAINS) LOSSES

The following currency (gains) losses are included in “Other income, net” in the accompanying consolidated statements of operations (in millions).

	YTD March 31, 2017	YTD March 31, 2016
Loss recognized on foreign currency remeasurement, net	1	-
Currency losses, net	$ 1	$ -

The following currency losses are included in "Accumulated other comprehensive income (loss), net of tax" in the accompanying consolidated balance sheets (in millions).

	YTD March 31, 2017	YTD March 31, 2016
Cumulative currency translation adjustment — beginning of period	$ -	$ -
Effect of changes in exchange rates	(24)	-
Cumulative currency translation adjustment — end of period	$ (24)	$ -

13. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

The following tables summarize the gross fair values of our financial instruments and commodity contracts as of March 31, 2017 and 2016 (in millions):

	March 31, 2017				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Aluminum contracts	$ 32	$ 1	$ (68)	$ (1)	$ (36)
Currency exchange contracts	1	-	(1)	-	-
Energy contracts	1	-	-	(9)	(8)
Total derivative fair value	$ 34	$ 1	$ (69)	$ (10)	$ (44)

	March 31, 2016				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent	Current	Noncurrent	Assets/(Liabilities)
Aluminum contracts	$ 12	$ -	$ (12)	$ -	$ -
Currency exchange contracts	-	-	-	-	-
Energy contracts	-	1	(14)	-	(13)
Total derivative fair value	$ 12	$ 1	$ (26)	$ -	$ (13)

Aluminum

We use derivative instruments to preserve our conversion margins and manage the timing differences associated with metal price lag. We sell short-term LME aluminum forward contracts to reduce our exposure to fluctuating metal prices associated with the period of time between the pricing of our purchases of inventory and the pricing of the sale of that inventory to our customers. We also purchase forward LME aluminum contracts simultaneous with our sales contracts with customers that contain fixed metal prices. These LME aluminum forward contracts directly hedge the economic risk of future metal price fluctuations to better match the selling price of the metal with the purchase price of the metal.

As of March 31, 2017 and March 31, 2016, we have (215) (kt) and (169) (kt), respectively, of outstanding aluminum sales/purchase contracts. The maximum and average duration of metal forward contracts is 23 months and 8 months, respectively.

Foreign Currency

We use foreign exchange forward contracts, cross-currency swaps and options to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments and forecasted cash flows denominated in currencies other than the functional currency of certain operations.

As of March 31, 2017 and 2016, we had outstanding foreign currency exchange contracts with a total notional amount of $14 million and $8 million, respectively. Contracts that represent the majority of notional amounts hedge expected future foreign currency transactions, which include forecasted cash flows. These contracts cover the same periods as known or expected exposures and have a maximum duration of less than two years.

Energy

We owned an interest in an electricity swap that matured January 5, 2017 which we formerly designated as a cash flow hedge of our exposure to fluctuating electricity prices. As of March 31, 2011, due to significant credit

deterioration of our counterparty, we discontinued hedge accounting for this electricity swap. We did not have any outstanding notional megawatt hours remaining as of March 31, 2017. As of March 31, 2016, the fair value of this electricity swap was a liability of $9 million.

On December 31, 2015, we entered into an agreement to extend the electricity swap contract for an additional five years, effective January 6, 2017 and maturing on January 5, 2022. As of March 31, 2017 and 2016, 1 million of notional megawatt hours was outstanding and the fair value of this swap was a liability of $9 million and an asset of $1 million, respectively. The electricity swap was designated as a cash flow hedge in the first quarter of fiscal year 2017.

We use natural gas forward purchase contracts to manage our exposure to fluctuating energy prices in North America. We had 6 million MMBTUs designated as cash flow hedges as of March 31, 2017, and the fair value was an asset of $1 million. There were 5 million MMBTUs of natural gas forward purchase contracts designated as cash flow hedges as of March 31, 2016 and the fair value was a liability of $4 million. As of March 31, 2017 and 2016, we had less than 1 million of MMBTUs of natural gas forward purchase contracts that were not designated as hedges. The fair value as of March 31, 2017 and 2016 was a liability of less than $1 million and a liability of $1 million, respectively, for the forward purchase contracts not designated as hedges. The average duration of undesignated contracts is less than one year in length. One MMBTU is the equivalent of one decatherm, or one million British Thermal Units.

We use diesel fuel forward purchase contracts to manage our exposure to fluctuating fuel prices in North America, which are not designated as hedges as of March 31, 2017. As of March 31, 2017 and 2016, we had 8 million gallons and 4 million gallons, respectively, of diesel fuel forward purchase contracts outstanding, and the fair value was a liability of less than $1 million. The average duration of undesignated contracts is approximately one year in length.

Gain (Loss) Recognition

The following table summarizes the gains (losses) associated with the change in fair value of derivative instruments recognized in “Loss (gain) on change in fair value of derivative instruments, net” (in millions).

	Year Ended March 31,	
	2017	**2016**
Derivative Instruments		
Aluminum contracts	$ (88)	$ 63
Currency exchange contracts	1	-
Energy contracts	5	3
(Loss) gain on change in fair value of derivative instruments, net	$ (82)	$ 66

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSSES)

The following table summarizes the change in the components of accumulated other comprehensive income (loss) net of tax, for the periods presented (in millions).

	(A) Postretirement Benefit Plans	Total
Balance as of March 31, 2015	$ (34)	$ (34)
Other comprehensive income (loss) before reclassifications	(28)	(28)
Amounts reclassified from AOCI	-	-
Net change in other comprehensive income (loss)	(28)	(28)
Balance as of March 31, 2016	(62)	(62)
Other comprehensive income (loss) before reclassifications	(9)	(9)
Amounts reclassified from AOCI	-	-
Net change in other comprehensive (loss) income	(9)	(9)
Balance as of March 31, 2017	$ (71)	$ (71)

(A) For additional information on our Postretirement benefit plans see Note 11 - Postretirement Benefit Plans.

15. FAIR VALUE MEASUREMENTS

We record certain assets and liabilities, primarily derivative instruments, on our balance sheets at fair value. We also disclose the fair values of certain financial instruments, including debt and loans receivable, which are not recorded at fair value. Our objective in measuring fair value is to estimate an exit price in an orderly transaction between market participants on the measurement date. We consider factors such as liquidity, bid/offer spreads and nonperformance risk, including our own nonperformance risk, in measuring fair value. We use observable market inputs wherever possible. To the extent that observable market inputs are not available, our fair value measurements will reflect the assumptions we used. We grade the level of the inputs and assumptions used according to a three-tier hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities we have the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as what market participants would use in pricing the asset or liability.

The following section describes the valuation methodologies we used to measure our various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified.

Derivative Contracts

For certain derivative contracts that have fair values based upon trades in liquid markets, such as aluminum, foreign exchange, natural gas and diesel fuel forward contracts and options, valuation model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are generally classified within Level 2 of the fair value hierarchy.

The majority of our derivative contracts are valued using industry-standard models that use observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices. We generally classify these instruments within Level 2 of the valuation hierarchy. Such derivatives include cross-currency swaps, foreign currency contracts, aluminum derivative contracts, natural gas and diesel fuel forward contracts.

We classify derivative contracts that are valued based on models with significant unobservable market inputs as Level 3 of the valuation hierarchy. Our two electricity swaps, which are our only Level 3 derivative contracts, represent agreements to buy electricity at a fixed price at our Oswego, New York facility. Forward prices are not observable for this market, so we must make certain assumptions based on available information we believe to be relevant to market participants. We use observable forward prices for a geographically nearby market and adjust for 1) historical spreads between the cash prices of the two markets, and 2) historical spreads between retail and wholesale prices.

For the electricity swap that matured January 5, 2017, we did not have any outstanding notional megawatt hours remaining as of March 31, 2017.

For the electricity swap maturing January 5, 2022, the average forward price at March 31, 2017, estimated using the method described above, was $40 per megawatt hour, which represented less than $1 premium over forward prices in the nearby observable market. The actual rate from the most recent swap settlement was approximately $37 per megawatt hour. Each $1 per megawatt hour decline in price decreases the valuation of the electricity swap by $1 million.

For Level 2 and 3 of the fair value hierarchy, where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations (nonperformance risk). We regularly monitor these factors along with significant market inputs and assumptions used in our fair value measurements and evaluate the level of the valuation input according to the fair value hierarchy. This may result in a transfer between levels in the hierarchy from period to period. As of March 31, 2017 and March 31, 2016, we did not have any Level 1 derivative contracts. No amounts were transferred between levels in the fair value hierarchy.

All of the Company's derivative instruments are carried at fair value in the statements of financial position prior to considering master netting agreements.

The following table presents our derivative assets and liabilities which were measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of March 31, 2017 and March 31, 2016 (in millions). The table below also discloses the net fair value of the derivative instruments after considering the impact of master netting agreements.

	March 31,			
	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Level 2 Instruments				
Aluminum contracts	$ 33	$ (69)	$ 12	$ (12)
Currency exchange contracts	1	(1)	-	-
Energy contracts	1	-	-	(5)
Total Level 2 Instruments	35	(70)	12	(17)
Level 3 Instruments				
Energy contracts	-	(9)	1	(9)
Total Level 3 Instruments	-	(9)	1	(9)
Total gross	$ 35	$ (79)	$ 13	$ (26)
Netting adjustment (A)	(33)	33	(11)	11
Total net	$ 2	$ (46)	$ 2	$ (15)

(A) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions with the same counterparties.

We recognized gains of $5 million for the year ended March 31, 2017 related to Level 3 financial instrument that matured in January 2017. These gains were included in “Other income, net.”

The following table presents a reconciliation of fair value activity for Level 3 derivative contracts (in millions).

	Level 3 – Derivative Instruments (A)
Balance as of March 31, 2015	$ (16)
Unrealized gain included in earnings (B)	9
Settlements	(1)
Balance as of March 31, 2016	$ (8)
Unrealized/realized gain included in earnings (B)	11
Unrealized/realized (loss) included in AOCI	(9)
Settlements	(3)
Balance as of March 31, 2017	$ (9)

(A) Represents net derivative liabilities.
(B) Included in "Loss (gain) on change in fair value of derivative instruments, net."

Financial Instruments Not Recorded at Fair Value

The table below presents the estimated fair value of certain financial instruments that are not recorded at fair value on a recurring basis (in millions). The table excludes short-term financial assets and liabilities for which we believe carrying value approximates fair value. The fair value of long-term receivables is based on anticipated cash flows, which approximates carrying value and is classified as Level 2. We value long-term debt using Level 2 inputs. Valuations are based on either market and/or broker ask prices when available or on a standard credit adjusted discounted cash flow model.

	March 31,			
	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities				
Total debt — third parties (excluding short term borrowings)	$ 2,608	$ 2,650	$ -	$ -
Total debt — related parties (excluding short term borrowings)	$ 584	$ 584	$ 758	$ 758

16. OTHER (INCOME) EXPENSE

"Other income, net" is comprised of the following (in millions)

	Year Ended March 31,	
	2017	2016
Foreign currency remeasurement losses, net	$ 1	$ -
Gain on business interruption insurance recovery, net (A)	1	(10)
Other, net - third parties	(20)	(1)
Other, net - related parties (B)	(27)	(25)
Other income, net	$ (45)	$ (36)

(A) We experienced an outage at the hotmill in the Logan facility in North America due to an unexpected failure of a motor, which resulted in lost shipments and profits during the fourth quarter of fiscal 2015. A repaired motor was installed and operations at the hotmill resumed within approximately three weeks of the outage. We recognized gains of $5 million, $5 million and $13 million during the second quarter of fiscal 2016, first quarter of fiscal 2016, and fourth quarter of fiscal 2015, respectively, as settlements of the related business interruption recovery claim were reached. The payment in the second quarter of fiscal 2016 represented the final settlement payment.

(B) Represents charge-outs to our participating subsidiaries through the Joint Technology Agreement for Global Research & Development expenses based on the type of work performed.

17. 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 United States federal and state income taxes. The domestic components of our "Income before income taxes" (and after removing our "Equity in net loss of non-consolidated affiliates") are as follows (in millions).

	Year Ended March 31,	
	2017	2016
Domestic (US)	$ 52	$ 19
Pre-tax income	$ 52	$ 19

The components of the "Income tax provision" are as follows (in millions).

	Year Ended March 31,	
	2017	2016
Current provision (benefit):		
Federal	$ 41	$ 30
State	(3)	3
Total current	$ 38	33
Deferred provision (benefit):		
Federal	(15)	(25)
State	1	(5)
Total deferred	(14)	(30)
Income tax provision	$ 24	$ 3

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.

At March 31, 2017 the Company had total deferred tax assets of approximately $207 million primarily arising from book reserves not deductible for tax and tax credit carryforwards. Also, the Company had total deferred tax liabilities of approximately $333 million primarily related to differences in the tax and net book values of assets.

At March 31, 2016 the Company had total deferred tax assets of approximately $261 million primarily arising from book reserves not deductible for tax and net operating loss carryforwards. Also, the Company had total deferred tax liabilities of approximately $348 million primarily related to differences in the tax and net book values of assets.

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 valuation allowances of $44 million and $41 million were necessary as of March 31, 2017 and 2016, respectively.

As of March 31, 2017, we had tax credit carryforwards of $63 million, which will be available to offset future taxable income and tax liabilities, respectively. The carryforwards begin expiring in fiscal year 2027 with some amounts being carried forward indefinitely. As of March 31, 2017, a valuation allowance of $44 million had been

recorded against the tax credit carryforwards, where it appeared more likely than not that such benefits will not be realized.

As of March 31, 2016, we had net operating loss carryforwards of approximately $96 million (tax effected) and tax credit carryforwards of $55 million, which will be available to offset future taxable income and tax liabilities, respectively. The carryforwards begin expiring in fiscal year 2027 with some amounts being carried forward indefinitely. As of March 31, 2016, a valuation allowance of $41 million had been recorded against the tax credit carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are both federal and state related.

Although realization is not assured, management believes it is more likely than not that all the remaining net deferred tax assets will be realized. In the near term, the amount of deferred tax assets considered realizable could be reduced if we do not generate sufficient taxable income in certain jurisdictions.

Tax Uncertainties

As of March 31, 2017 and 2016, the total amount of unrecognized benefits that, if recognized, would affect the effective income tax rate in future periods based on anticipated settlement dates is $2 million and $2 million, respectively.

Tax authorities continue to examine certain other of our tax filings for fiscal years 2009 through 2014. As a result of further settlement of audits, judicial decisions, the filing of amended tax returns or the expiration of statutes of limitations, our reserves for unrecognized tax benefits, as well as reserves for interest and penalties, may change over the next 12 months. With few exceptions, tax returns for all jurisdictions for all tax years before 2009 are no longer subject to examination by taxing authorities.

Our policy is to record interest and penalties related to unrecognized tax benefits in the income tax provision (benefit). As of March 31, 2017 and 2016, we had less than one million accrued, respectively, for interest and penalties.

Income Taxes Receivable and Payable

Our balance sheet previously included a federal and state income taxes payable (net) of $213 million and $9 million as of March 31, 2017, respectively. However, the federal income tax payable and a portion of the state will be settled annually.

Our balance sheet previously included a federal and state income taxes payable (net) of $117 million and $8 million as of March 31, 2016, respectively. However, the federal income tax payable and a portion of the state will be settled annually.

See Note 20-Supplemental Information for additional information.

18. COMMITMENTS AND CONTINGENCIES

We are party to, and may in the future be involved in, or subject to, disputes, claims and proceedings arising in the ordinary course of our business, including some we assert against others, such as environmental, health and safety, product liability, employee, tax, personal injury and other matters. We have established a liability with respect to contingencies for which a loss is probable and estimable. While the ultimate resolution of and liability and costs related to these matters cannot be determined with certainty, we do not believe any of these pending actions, individually or in the aggregate, will materially impact our operations or materially affect our financial condition or liquidity.

For certain matters in which the Company is involved for which a loss is reasonably possible, we are unable to estimate a loss. For certain other matters for which a loss is reasonably possible and the loss is estimable, we have estimated the aggregated range of loss as $0 to $70 million. This estimated aggregate range of reasonably possible losses is based upon currently available information. The Company's estimates involve significant judgment, and therefore, the estimate will change from time to time and actual losses may differ from the current estimate. We review the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The evaluation model includes all asserted and unasserted claims that can be reasonably identified including claims relating to our responsibility for compliance with environmental, health and safety laws and regulations in the jurisdictions in which we operate or formerly operated. The estimated costs in respect of such reported liabilities are not offset by amounts related to insurance or indemnification arrangements unless otherwise noted.

The following describes certain contingencies relating to our business, including those for which we assumed liability as a result of our spin-off from Alcan Inc.

Environmental Matters

We own and operate numerous manufacturing and other facilities in various countries around the world. Our operations are subject to environmental laws and regulations from various jurisdictions, which govern, among other things, air emissions, wastewater discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, post-mining reclamation and restoration of natural resources, and employee health and safety. Future environmental regulations may impose stricter compliance requirements on the industries in which we operate. Additional equipment or process changes at some of our facilities may be needed to meet future requirements. The cost of meeting these requirements may be significant. Failure to comply with such laws and regulations could subject us to administrative, civil or criminal penalties, obligations to pay damages or other costs, and injunctions and other orders, including orders to cease operations.

We are involved in proceedings under the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, also known as CERCLA or Superfund, or analogous state provisions regarding liability arising from the usage, storage, treatment or disposal of hazardous substances and wastes at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which we have operations, including Brazil and certain countries in the European Union. Many of these jurisdictions have laws that impose joint and several liability, without regard to fault or the legality of the original conduct, for the costs of environmental remediation, natural resource damages, third party claims, and other expenses. In addition, we are, from time to time, subject to environmental reviews and investigations by relevant governmental authorities. We are also involved in claims and litigation filed on behalf of persons alleging exposure to substances and other hazards at our current and former facilities.

We have established liabilities based on our estimates for the currently anticipated costs associated with these environmental matters. We estimated that the remaining undiscounted clean-up costs related to our environmental liabilities as of March 31, 2017 were approximately $15 million, of which $12 million was associated with restructuring actions and the remaining undiscounted clean-up costs were approximately $3 million.

Additionally, $10 million of the environmental liability was included in “Other long-term liabilities,” with the remaining $5 million included in “Accrued expenses and other current liabilities” in our consolidated balance sheet as of March 31, 2017. As of March 31, 2016, $7 million of the environmental liability was included in “Other long-term liabilities,” with the remaining $10 million included in “Accrued expenses and other current liabilities” in our consolidated balance sheet. Management has reviewed the environmental matters, including those for which we assumed liability as a result of our spin-off from Alcan Inc. As a result of management's review of these items, management has determined that the currently anticipated costs associated with these environmental matters will not, individually or in the aggregate, materially impact our operations or materially adversely affect our financial condition, results of operations or liquidity.

Other Commitments

As of March 31, 2017 and 2016, we had sold certain inventories to third parties and have agreed to repurchase the same or similar inventory back from the third parties subsequent to the balance sheet dates. Our estimated outstanding repurchase obligations for this inventory as of March 31, 2017 is $12 million and as of March 31, 2016 was $22 million, based on market prices as of these dates. We sell and repurchase inventory with third parties in an attempt to better manage inventory levels and to better match the purchasing of inventory with the demand for our products. As of March 31, 2017 and 2016, there was no liability related to these repurchase obligations on our accompanying consolidated balance sheets.

19. MEZZANINE EQUITY AND SHAREHOLDER'S DEFICIT

Preferred Stock

As of March 31, 2017 we had no redeemable preferred stock and we had $1,681 million of redeemable preferred stock as of March 31, 2016, which is included in our balance sheet as part of mezzanine equity. Novelis Inc., our indirect parent, is the holder of the preferred stock, which was issued in December 2010, and is entitled to receive a cash dividend at a rate of 9.5% of the original issuance price of the preferred stock for seven years. The dividends are cumulative and are payable annually. At the end of each seven year period, the rate will reset to a new annual rate to be determined by the Board of Directors of Novelis Inc., with the advice of a third party valuation firm.

The holder of the preferred stock is not entitled to any voting powers. The shares of preferred stock shall not be convertible into shares of any other class or classes or series of any class or classes of capital stock of Novelis Corporation.

In December 2010, Novelis Acquisitions LLC (a wholly owned subsidiary of Novelis Holdings Inc.) and Novelis Inc. entered into a forward sale share agreement (the "Forward Sale Share Agreement"). Under the terms of the Forward Sale Share Agreement, Novelis Inc. will be required to sell the preferred shares on December 17, 2016 for the forward price, as specified in the agreement. Novelis Acquisitions LLC was granted a non-assignable right (the "Early Purchase Right") to purchase, in whole or in part, the preferred shares at the forward price at any time commencing in December 2010 and ending immediately prior to the forward closing date.

The holder will be required to redeem (put option) the preferred stock from the stockholders upon receipt of written request on or after the eighth anniversary of the issue date at a price equal to the issuance price per share plus cumulative unpaid dividends. Additionally, the holder has the option to redeem (call option) the preferred stock at any time after the eighth anniversary of the issuance at the price equal to the issuance price per share plus cumulative unpaid dividends.

In the event of any liquidation, the holder is entitled to receive an amount equal to the issuance price per share plus cumulative unpaid dividends. If this amount is not paid in full, the holder will share in any such distribution of assets of Novelis Corporation in proportion to the full respective liquidating distributions to which they are entitled.

As of March 31, 2017 and 2016, we declared $11 million and $160 million, respectively, dividends to Novelis Inc. for the preferred stock, which is included in our statement of shareholder's equity. As of March 31, 2017 there were no dividends payable due to Novelis Inc. and there was $113 million of dividends payable due to Novelis Inc. as of March 31, 2016, related to outstanding preferred stock.

20. SUPPLEMENTAL INFORMATION

Supplemental cash flow information (in millions).

	Year Ended March 31,	
	2017	2016
Supplemental disclosures of cash flow information:		
Interest paid	$ 142	$ 1
Income taxes paid	$ -	$ 1

As of March 31, 2017 and March 31, 2016 we recorded $25 million and $36 million respectively of outstanding accounts payable and accrued liabilities related to capital expenditures in which the cash outflows will occur subsequent to March 31 of each year. During the years ended March 31, 2017 and 2016 we incurred capital lease obligations of less than $1 million, respectively, related to capital lease acquisitions.

Material Non-Cash Contributions

Our balance sheet previously included federal and state income taxes payable (net) of $184 million and $5 million as of March 31, 2015, respectively. During the year ended March 31, 2016, the cumulative non-cash contribution of capital was recharacterized as a loan payable to Novelis Holdings Inc.. The loan payable is recorded within “Long term debt – related parties.” Additionally, certain net operating loss carryfowards that were previously part of the non-cash contribution of capital have been reclassified from Novelis Corporation back to Novelis Holdings Inc.