NOVELIS PAE SAS

Statutory auditor's report on the financial statements

(Year ended March 31, 2017)

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Novelis PAE SAS
VOREPPE

Statutory auditor's report on the financial statements
For the year ended March 31, 2017

In compliance with the assignment entrusted to us by your President, we hereby report to you, for the year ended March 31, 2017, on:

- the audit of the accompanying financial statements of Novelis PAE SAS
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the chairman. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methodes of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Société d'expertise comptable inscrite au tableau de l'ordre de Paris - Ile de France. Société de commissariat aux comptes membre de la compagnie régionale de Versailles.Société par Actions Simplifiée au capital de 2 510 460 €. Siège social : 63 rue de Villiers 92200 Neuilly-sur-Seine. RCS Nanterre 672 006 483. TVA n° FR 76 672 006 483. Siret 672 006 483 00362. Code APE 6920 Z. Bureaux : Bordeaux, Grenoble, Lille, Lyon, Marseille, Metz, Nantes, Neuilly-Sur-

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter :

- As part of our assessment of the accounting rules and principles used by the Company, we satisfied ourselves as to the accounting and the presentation of the change in accounting method related to the retirement indemnities, as explained in the paragraphs 1.3, 2.8.2 and 3.8 of the notes to the financial statements.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Grenoble, April 28, 2017

The statutory auditor
PricewaterhouseCoopers Audit

Frédéric Charcosset

Balance sheet - Assets

NOVELIS PAE SASU

Summary statement at 31/03/2017

BALANCE SHEET	Gross	Amortization Provisions	Net book value at 31/03/2017	Net at 31/03/2016
ASSETS				
Intangible assets				
Franchises, patents and other similar rights	13 373	13 373	0	0
Softwares	448 271	436 115	12 156	24 057
Goodwill	13 000 000		13 000 000	13 000 000
Fixed assets in progress/payments on accounts	55 014		55 014	
Tangible assets				
Plant, machinery and equipments	213 831	143 572	70 260	81 053
Other fixed assets	139 852	93 656	46 196	25 598
Fixed assets in progress/payments in advance			0	0
Financial assets				
Loans				
Other financial assets	25 030		25 030	50 974
CAPITAL ASSETS	**13 895 372**	**686 716**	**13 208 656**	**13 181 682**
Inventories				
Raw materials and supplies	1 230 359	73 242	1 157 117	1 321 068
Work in progress - goods	2 488 346	0	2 488 346	4 398 675
Work in progress - services	866 551	0	866 551	1 414 246
Receivables				
Accounts receivables and related accounts	3 310 311	274 456	3 035 855	7 714 404
Suppliers debit balances				
Income tax - receivables			0	347 794
VAT - receivables	425 701		425 701	262 457
Other receivables	16 148 088		16 148 088	12 031 574
Sundry				
Advance payments paid on orders	69 054		69 054	13 234
Investment securities				
Cash	560		560	569
Prepaid expenses	33 833		33 833	49 511
CURRENT ASSETS	**24 572 803**	**347 698**	**24 225 105**	**27 553 533**
Conversion rate adjustments - assets	751		751	1 869
ADJUSTMENT ACCOUNTS	**751**		**751**	**1 869**
TOTAL ASSETS	**38 468 926**	**1 034 414**	**37 434 512**	**40 737 084**

Balance sheet - Liabilities

NOVELIS PAE SASU
EUR

Summary statement at 31/03/2017

BALANCE SHEET	Net book value at 31/03/2017	Net at 31/03/2016
LIABILITIES		
Individual share capital	4 040 000	4 040 000
Legal reserve	404 000	404 000
Retained earnings	12 329 446	11 537 863
Net income or loss of the period	1 754 247	1 145 582
Regulated provisions	0	0
SHAREHOLDER EQUITY	**18 527 692**	**17 127 446**
OTHER SHAREHOLDER EQUITY		
Provisions for contingencies	218 125	312 662
Provisions for losses	1 994 101	1 872 763
PROVISIONS FOR CONTINGENCIES AND LOSSES	**2 212 226**	**2 185 425**
Financial debts and borrowings from credit institutions	168	360
Other financial debts and borrowings		
Other financial debts and borrowings - shareholder		
Advance payments received on orders	7 386 640	2 391 424
Accounts payables and related accounts	2 736 812	1 932 883
Tax and social liabilities	1 585 903	1 310 956
Accounts payables related to fixed assets suppliers		
Other liabilities	416 698	508 003
Prepaid income	4 568 110	15 280 398
CURRENT LIABILITIES	**16 694 330**	**21 424 024**
Conversion rate adjustments - liabilities	263	189
ACCRUED EXPENSES	**263**	**189**
TOTAL LIABILITIES	**37 434 512**	**40 737 084**

PROFIT AND LOSS ACCOUNT

NOVELIS PAE SASU
EUR

Summary statement at 31/03/2017

	31/03/17			31/03/16
	France	Exportations	Total	
Sales of goods				
Production sold goods				
Production sold services	1 566 219	18 554 816	20 121 035	14 641 216
NET TURNOVER	**1 566 219**	**18 554 816**	**20 121 035**	**14 641 216**
Production taken into inventory			-2 586 681	-2 524 742
Capitalised production				
Operating subsidies			0	0
Provision and depreciation reversals and expenses transferred			586 696	397 809
Other income			-8 696	87 376
Total operating income			**18 112 354**	**12 601 659**
Purchases of goods held for resale				
Inventory change - goods held for resale				
Purchases of raw materials and supplies			8 455 807	5 123 997
Inventory change - raw materials and supplies			-114 507	-387 825
Other purchases and external expenses			2 499 642	2 082 152
Taxes and other levies			150 405	185 308
Wages and salaries			2 723 132	2 419 405
Payroll benefits			1 235 051	1 334 118
Allocation to depreciation of fixed assets			60 290	58 276
Allocation to provisions for fixed assets				
Allocation to provisions for current assets			149 121	50 856
Allocation to provisions for contingency and expenses			249 392	279 626
Other expenses			423 757	244 072
Total operating expenses			**15 832 090**	**11 389 985**
OPERATING INCOME OR LOSS			**2 280 264**	**1 211 674**
Profit appropriated or loss transferred				
Loss appropriated and profit transferred				
Financial income from participating interests				
Other investment income and amount owed			0	0
Other interests and similar income			241	0
Provisions reversals and expenses transferred			1 119	954
Foreign exchange gains			30 861	15 365
Net gains on realisation of investments held as current assets			0	0
Total financial income			**32 220**	**16 319**
Allocation to financial assets and provisions			0	0
Interests and similar charges			0	2
Foreign exchange losses			12 239	41 394
Net losses on realisation of investments held as current assets			0	0
Total financial expenses			**12 239**	**41 396**
FINANCIAL PROFIT OR LOSS			**19 981**	**-25 077**
CURRENT INCOME OR LOSS BEFORE TAX			**2 300 245**	**1 186 597**
Extraordinary income from operating transactions			3 750	4 829
Extraordinary income from capital transactions			0	0
Provisions reversals and expenses transferred			0	24 399
Total extraordinary income			**3 750**	**29 227**
Extraordinary expenses from operating transactions			750	3 945
Extraordinary expenses on capital transactions			0	0
Extraordinary allocation to depreciation and provisions			0	0
Total extraordinary expenses			**750**	**3 945**
EXTRAORDINARY INCOME OR LOSS			**3 000**	**25 282**
Employee profit share			50 604	0
Income tax			498 394	66 297
TOTAL INCOME			**18 148 323**	**12 647 205**
TOTAL CHARGES			**16 394 077**	**11 501 623**
PROFIT OR LOSS (Total income - Total charges)			**1 754 247**	**1 145 582**

NOVELIS PAE SAS

NOTES TO THE FINANCIAL STATEMENTS
Fiscal year ended March 31, 2017

I - PRESENTATION OF THE COMPANY AND OVERVIEW OF THE YEAR

1.1 Presentation of the company

Novelis PAE SAS is a company specialized in engineering, conception and selling of equipment for aluminium funderies.

1.2 Overview of the year

The revenue corresponding to the delivery of the equipment in the contract with the customer Serlaca was recognized at 100%.in this fiscal year, for an amount of K€ 7 520 with a corresponding operating margin of K€ 3 425.

As the company recognizes its revenue at percentage of completion based on the value added by the company, this revenue had not been recognized as the equipment had not been yet built up in Venezuela due to the customer. The delivery of the equipment occurred in February, 2014.

The company has decided, based on a legal opinion of a Venezuelan lawyer, it has no future obligations for this contract, even if the last phase of building-up could not be completed.

The offset of this revenue recognition is the cancellation of the deferred revenue for the cash already received from the customer Serlaca.

1.3 Change of method related to the retirement indemnities

The company has chosen to book on March 31, 2017 the pension benefit reserve according to the recommendation 2013-02. The impact of this change of method is booked with an offset in retained earnings for K€ 354.

II - ACCOUNTING PRINCIPLES AND VALUATION METHODS

2.1 Accounting principles

The account for the year ended March 31, 2017 have been prepared in accordance with accounting principles generally accepted in France and with French regulations :

- Principle of prudence
- Going concern assumption
- Consistent accounting methods
- Cut-off principle

Assets and liabilities are stated at historical cost.

2.2 Intangible assets

Intangibles assets are valued at cost.

Softwares are depreciated using the straight line method over 60 months.

Purchased goodwill is not amortized. An impairment is booked if necessary to the lowest value between the fair value estimated and the net accounting value of business. The impairment test is based on a comparison between capital employed of activity and the value of business estimated on future operating cash flow.

Research and development costs are expensed when incurred.

2.3 Tangible assets

Tangibles assets are stated at cost (purchase price plus implementation costs).

Tangible assets are amortized over the estimated useful lives of the assets, using the straight line method. Useful lives are as follows:

2.4 Financial assets

Financial assets are valued at their acquisition cost. A depreciation is recorded when the fair value is lower than the carrying value.

2.5 Inventories

Raw materials and supplies are stated at the weighted average price.
Work-in-progress are valued on purchasing price and associated costs and such as sub-contracting costs, if any.
The value of equipment contracts work in progress also includes any direct or indirect, internal or external, costs associated with the contract, as well as a portion of general and administrative expenses.

Depreciation of inventories is calculated on a case by case basis. When the gross book value calculated as described above is higher than net realizable value, a depreciation is recorded for the difference.

2.6 Receivables

Receivables are stated at the face value.

Provision for doubtful debts is recorded when the recoverable value estimated on a case by case basis is lower than the face value.

2.7 Regulated reserves

Regulated reserves could be funded or reversed in compliance with applicable tax rules (provision for price increases, derogatory depreciation, ,...).

No accrual or reversal has been booked this fiscal year.

2.8 Provisions

The status of any pending litigation or open dispute is reviewed by management at year end, in liaison with external lawyers and advisors. Provisions for contingency are set up, when deemed necessary, for the amount of the estimated liability.

Major provisions are estimated as follows :

2.8.1 Warranty provision

Warranty claims, which could result from contracts completed during the year but have not been raised by the clients, are estimated on the basis of historical statistical data. The corresponding provision is calculated according to contractual rules and usual business practices.

2.8.2 Pension commitments

The liability recognized in the balance sheet in respect of pension commitments is the present value of the defined obligation.

The company has chosen to book on March 31, 2017 the pension benefit reserve according to the recommendation 2013-02. The impact of this change of method is booked with an offset in retained earnings for K€ 354.

The defined obligation is calculated by an independent actuarial expert using the projected unit credit method. Actuarial gains or losses arising from changes in actuarial assumptions, which are greater than 10% of the present value of the obligation, are amortized over the average remaining years of service of employees.

Pension expenses are recorded in operating results.

2.8.3 Jubilees awards

The liability recognized in the balance sheet in respect of jubilee awards is the present value of the obligation.

The obligation is calculated by an independent actuarial expert using the projected unit credit method.

2.9 Revenue recognition

Sales of spares parts and consumables are booked in revenue at delivery, according to the specific conditions of each contract/order.

Services are booked in revenue as soon as the services are performed or at percentage of completion for long-term contracts. In this last case, the revenue and the corresponding margin are recognized by application of the percentage of completion on revenue and forecast margin at completion. This percentage of completion is based on the ratio between direct labor costs at

the closing and the forecast direct labor costs at achievement (percentage at the value added). Neither revenue nor margin is recognized before delivery of equipment to the customer depending on the Incoterm. For delivery, must be understood main delivery. The main can be defined as follows :
- the shipment (according to the corresponding incoterm) of 100% of the equipment without considering any spare parts and consumables.
- or the delivery of the equivalent of at least 90% of the material cost estimated for the contract, excluding spare parts and consumables. if at least 75% of the payment was received at the end of month (75% of the contract total turnover).
For contracts with high level of technical risks, the method at achievement is applied.

The variance between the invoicing revenue at the closing and the revenue at percentage of completion is booked either in revenue to be invoiced or in deferred revenue.

A long term contract loss at completion is booked if necessary, when the forecast costs of a contract are higher than the forecast revenue. If a work-in-progress is booked on the contract at year-end, depreciation is booked on the work-in-progress. Where applicable, the additional amount of estimated loss is recognized as a provision for liabilities and charges.

2.10 Operations in foreign currencies

Transactions in foreign currencies are translated based on the exchange rate prevailing at the date of the operation. Receivables and payables in foreign currencies are translated at the year-end exchange rate or at the hedging rate, if any. The difference arising from the translation at year-end of receivables and payables denominated in foreign currencies are included in the 'Translation differences' heading (assets or liabilities).of the balance sheet. Unrealized foreign-exchange losses are provided for.

2.11 Tax credit for competitiveness and employment CICE

In application of Article 244 C quarter of French General Tax Code, a tax credit CICE is booked in the financial statements as of March, 31 2017 in respect of eligible wages paid during the year. The gain is booked as a reduction of personnel costs and the offset is deducted of the Income Tax debt. This tax credit participates in the financing of innovation in the company.

III - NOTES CONCERNING CERTAIN BALANCE SHEET ITEMS

3.1 Intangible assets

Intangible assets mainly consist of the value of the purchased goodwill of K€ 13 000. This business was acquired from Pechiney Rhenalu in 2004 and was booked in accordance with the sale agreement.

No impairment loss has been recorded in respect of this business at March, 31 2017 as there is no indication that its value could be impaired.

The net book value of other intangible assets amounts to K€ 67 as at March 31, 2017, compared to K€ 24 at March 31, 2016.

3.2 Tangible assets

Tangible assets stand at K€ 116 in net accounting value at March 31 2017 compared to K€ 107 at March 31 2016.

3.3 Financial assets

Financial assets are made up of a deposit for K€ 25.

3.4 Inventories

At March, 31 2017, inventories stand at K€ 4 585 compared to K€ 7 142 at March, 31 2016.

As at March, 31 2017, an inventory depreciation is booked in Raw materials and supplies for K€ 73 compared to K€ 0 at March, 31 2016.

3.5 Maturity of account receivables

All receivables are due within twelve months. A provision for bad debt of K€ 76 has been booked during the fiscal year.

3.6 Shareholders' equity

The share capital amounts to € 4 040 000 and is made up of 8 000 shares with a face value of € 505 each, hold at 100 % by the company Novelis Inc.

3.7 Net equity reconciliation

	K€
Shareholders' equity at March, 31 2016	**17 127**
Change of method related to the retirement indemnities	-354
Shareholders' equity at April, 1 2016	**16 773**
Profit for the year	1 754
Shareholders' equity at March, 31 2017	**18 527**

3.8 Provisions

(en K€)	March, 31 2016	Change of method	Increase	Decrease used	Decrease not used	March, 31 2017
Warranty provision	168		87	54	22	179
Provision for foreign exchange losses	2		0	1	0	1
Provision loss at completion	143		38	143	0	38
Jubilees awards reserve	187		0	43	0	144
Pension reserve	1 685	354	124	314	0	1 849
Total	**2 539**	**354**	**249**	**555**	**22**	**2 211**

The company has chosen to book on March 31, 2017 the pension benefit reserve according to the recommendation 2013-02. The impact of this change of method is booked with an offset in retained earnings for K€ 354.

The pension reserve as of April 1st 2016 corresponds then to the value of commitment for the retirement indemnities on the same date (K€ 2 039).

	K€
Pension reserve at 3/31/2016	**2 039**
Service cost	121
Interest cost	32
Settlement	-28
Benefits paid by employer	-314
Pension reserve at 3/31/2017	**1 849**

	K€
PBO at 3/31/2016 at 1,60%	**2 039**
Service cost	121
Interest cost	32
Net Actuarial Loss or Gain	-222
due to Plan Experience	*-43*
due to Hypothesis change	*-179*
Benefits paid by employer	-314
PBO at 3/31/2017 at 1,60%	**1 656**

The key assumptions to calculate the Pension liabilitiy as of March, 31 2017 are the following :

- Annual inflation rate : 1,75 %
- Actualization rate : 1,60 %
- Annual salary increase (above inflation) : +1,00 % before 55 ; +0,50 % after 55.
- Benefits rate : 48,00 %
- Age of retirement : age with total pension benefits from French Social Security (minimum at 62, maximum at 67; progressive evolution from 40 to 43 years of contributions)

Turn-over assumptions are the following :

- Before 35 13,0 %
- from 35 to 44 3,4 %
- from 45 to 49 2,5 %
- from 50 to 54 2,0 %
- After 55 0,0 %

3.9 Maturity of accounts payable

All payables are due within one year.

At March, 31 2017, other payables are mainly made up of accruals for K€ 415.

3.10 Deferred revenues

Deferred revenues are linked with long term contracts. At March, 31 2016, they stand at K€ 15 280. The amount at March, 31 2017 is K€ 4 568.

3.11 Tax and social liabilities

(in K€)	March, 31 2017	March, 31 2016
Payroll	820	750
Employees' benefits	505	509
Income tax - payables	233	0
Other tax and social liabilities	28	52
Tax and social liabilities	**1 586**	**1 311**

3.12 Related companies

Balances resulting from transactions with related companies are the following:

(in K€)	March, 31 2017	March, 31 2016
Trade accounts receivable	120	127
Other receivable	16 083	11 942
Trade accounts payable	(16)	(14)
Paid down payment	0	0
Net balance	**16 187**	**12 055**

Other receivables are mainly related to intercompany short-term loan under a cash-pooling agreement.

IV - NOTES RELATING TO CERTAIN PROFIT AND LOSS ITEMS

4.1 Net revenue by destination

(in K€)	March, 31 2017	March, 31 2016	Variance
France	1 566	2 522	(956)
Other countries	18 555	12 119	6 436
Total	**20 121**	**14 641**	**5 480**

4.2 Gains and charges with related companies

(in K€)	March, 31 2017	March, 31 2016
Sales	830	1 023
Financial gains	0	0
Financial charges	(0)	(0)

4.3 CICE tax credit

The amount of CICE tax credit for 2017 is K€ 25. It is deducted from wages and salaries of the fiscal year.

4.4 Financial gains and losses

(in K€)	March, 31 2017	March, 31 2016
Gain on sales of securities	0	0
Net interests on intercompany financing	0	0
Exchange gain/(loss)	19	(26)
Other financial gain/(loss)	1	1
Net gain / (loss)	**20**	**(25)**

4.5 Extraordinary profit and losses

(in K€)	March, 31 2017	March, 31 2016
Variation of investment provision	0	21
Other	3	1
Net gain (charge)	**3**	**25**

4.6 Deferred tax position

The impact of tax timing differences at March 31, 2017 is to decrease future income tax charge by K€ 130. Potential deferred tax asset has been calculated at the standard income tax rate of 33,33 % for short term items and 28% for long term ones.

4.7 Post-closing events

No post-closing events would modify the financial statement of the fiscal year at the date of writing of this appendix.

V – OTHER INFORMATION

5.1 Identity of consolidating company

The individual accounts of the company are included, according to the global integration method, in the consolidated accounts of the company Novelis Inc, based 231 Church Street, Mississauga, Ontario L5M 1N1 Canada.

5.2 Financial commitments

The company is committed for issued bank guarantees in favor of customers for an amount of K€ 8 884.

Moreover, as a result of the Credit Agreement signed by the Novelis Group with UBS and ABN Amro banks, the company has been a guarantor for the loan contract since 2008. The guarantee has started in September 2008 and the following guarantees have been granted :

- Pledge of the business
- Pledge of trade receivables
- Pledge of bank accounts
- Pledge of inventories.

However, the commitment is limited to the amounts of financing received from the Group. As the loan from Novelis Inc to Novelis PAE SAS was reimbursed in July 2009, the balance of Group loan is nil at March 31, 2017.

5.3 Breakdown of average workforce

		2016-2017	2015-2016
-	Managers	17	18
-	Employees	19	19
	Total	**36**	**37**