NOVELIS SHEET INGOT GMBH, GOETTINGEN

MANAGEMENT REPORT for the financial year April 1, 2014 to March 31, 2015

BASIS of the COMPANY

Novelis Sheet Ingot GmbH (‚SIG'), Goettingen, has a production site in Nachterstedt.

The company produces castings on a recycling basis exclusively for Novelis AG. The costs of the day-to-day business are invoiced on a monthly basis. Therefore the **result** of the company is primarily determined by risk-markups on the recycling costs.

SIG is via the employer association "Verband der Metall- und Elektroindustrie Sachsen-Anhalt" bound to the **collective wage agreement** "Metall Sachsen-Anhalt" (ERA Wage and Wage Framework Agreement). A management by objective system is established for managing directors, executive employees and employees who are not subject to a collective wage agreement. The variable remuneration components are based on business objectives as well as personnel objectives.

In September 2014, SIG fulfilled the requirements of the **Energy Management System** ISO 50001:2011 and was certified. The audit of the management systems quality, safety and work safety are in preparation for the upcoming financial year.

Research and development operate only in close cooperation with the Novelis research facilities. Its own activities serve to further optimize the process of remelting as well as systems engineering.

BUSINESS REPORT

Economic and industry specific conditions

In calendar year 2014, the **global economic** grew by 3.2%. Decreasing oil prices contributed overall to an accelerated growth. However, within the separate regions varying developments occurred. Again the emerging markets of Asia (excl. Japan) had the highest growth rate in gross domestic product (6.0%) led by China with 7.3% despite a slow-down.

In contrast the growth in USA was 2.4% and in Europe just 0.8% due to the persisting debt crisis in many industrial countries. With a growth rate of 1.4%, Germany partially compensated for the weak growth in other Euro-countries. *(Source: Deutsche Bank Research, Globaler Ausblick Q1/2015)*

The global production and consumption of **primary aluminum** grew by 7% to approximately 54 million tonnes. China is again leading with a share of over 50%. *(Source: CRU Monitor Aluminium Dezember 2014)*

Consumption of aluminum rolled products grew globally by 5.4% to 22.7 million tonnes. Again the Chinese share grew the fastest to currently 32%. In Western Europe, the demand grew by 2.4% to approximately 3.9 million tonnes. The German shipments were 1.4 million tonnes and 4.2% above the prior year while production almost remained unchanged at 1.9 million tonnes.

Financial and non-financial key performance indicators

In the financial year 2014/2015, 87.3 kt aluminum was recycled to aluminum ingots. The recycling revenue per aluminum ingot (average recycling cost per piece invoiced) was 4,530 €.

To gauge the safety standards at our plants, we regularly give an account of key figures pertaining to “Total Recordable Incidents (TRI Rate)” - accidents to be reported - and also “Days Away From Work (DAFW Rate)” - absence time due to injury and illness. Our TRI Rate was 1.95 and DAFW Rate was 1.3 in the financial year 2014/2015.

Environmental incidents comprised mostly of harmless leaks and internal smoke incidents.

Business development

In course of the financial year, the facilities began commissioning. The first cast was in May 2014 and production started in July 2014. The financial year was characterized by adjustments in all production processes and requalification of products at customers.

Earnings, net assets and financial position

Sales were 24.5 million € in the reporting period. The utilization of the production facilities was at 22%. Opposite to sales expenses for commissioning of the facilities, securing operational readiness and customer charges for increased deployment cost to achieve the agreed quality have been incurred. Due to the profit and loss transfer agreement, the loss in the amount of € 44.9 million was absorbed by the shareholder Novelis Deutschland GmbH. Due to specific compensation rules in accordance with

§§63 et seq. EEG 2014 operating costs were positively effected in the fourth quarter of the financial year.

Total assets increased by 82.8 Million € to 248.3 million €. Non-current assets increased by 58.2 million € to 195.6 million €. Capital expenditures were 71.4 million € and financed by an additional long term loan of Novelis Aluminium Holding Co. of € 40.0 million as well as the cash pool. Significant capital expenditures were made in melting and holding furnaces, a shredder and completion of the filter houses. Current assets increased due to the loss transfer receivable from Novelis Deutschland GmbH. As a result of the investment activities, the cash pool receivable as of March 31, 2014 (€ 19.1 million) changed into a liability (€ 20.0 million). Equity remained at 20 million €. The equity ratio is 8.1%.

SUBSEQUENT EVENTS REPORT

No significant events occurred after the balance sheet date.

FORECAST, OPPORTUNITIES AND RISK REPORT

For the **financial year 2015/2016,** capital expenditures of 2 million € are planned. The main objectives are the purchase of critical spare parts as well as general programs with regard to smaller compensating and streamlining measures.

Since April 2015 the capacity utilization has been predominantly high. In coordination with Novelis AG, increased output volumes of up to 325 kt are planned. Therefore, productivity and efficiency increases as well as improvements in all areas of operational performance are pursued. As a result we expect a slight improvement in recycling cost. Furthermore, increased efforts regarding work safety should have positive influence on TRI RATE and DADW Rate.

Opportunities and risks lie in the efficiency of the production processes, in particular in input of resources and optimization of processing time. Facility availability and unlimited availability of resources (energy and gas) are particular challenges. As SIG is exclusively a recycler and invoices in Euro, no impacts from market price development of aluminum and exchange rates exist.

Opportunities and risks from the development and sale of products as well as the aluminum supply are at the level of Novelis AG. It was agreed that SIG will exclusively work for Novelis AG on a contractual basis. Therefore risks for SIG could arise through insufficient non-cost-covering recycling volumes and lack of recycling orders. But due to the Novelis strategy and long-term supply contracts, these risks should remain low.

The results of SIG are transferred to Novelis Deutschland GmbH as per a profit and loss transfer agreement.

The own **risk identification and prevention** focuses on the improvement of the management systems with regard to quality assurance, safety, work safety, reliability of production capacities and optimization of all processes at the plant as well as continuous training and qualification of employees. Further key aspects of opportunity and risk management are production planning including early discussions of developments in energy and environmental politics with the political decision-makers. A comprehensive all-risk insurance provides coverage with regard to significant property and breakdown losses. Moreover, we currently expect no material risks.

Goettingen, May 7, 2015

Novelis Sheet Ingot GmbH
Managing director

Fortunato Llamido Lucido

Annual Financial Statements
from April 1, 2014 to March 31, 2015

Novelis Sheet Ingot GmbH, Göttingen

Balance Sheet as of March 31, 2015

Assets

	2015	2014
	K€	K€
A. Non-current assets		
I. Intangible assets		
Prepayments	255	0
II. Property, plant and equipment		
1. Property, buildings and similar property rights	80.497	894
2. Technical equipment and machinery	108.109	0
3. Other plant, furniture and office equipment	1.961	0
4. Prepayments and construction in progress	4.779	136.488
	195.346	137.382
	195.601	**137.382**
B. Current assets		
I. Inventories		
Raw material	24	94
II. Receivables and other assets		
1. Receivables from affiliated companies	48.132	25.020
2. Other assets	4.175	2.911
	52.331	28.025
III. Cash and cash equivalents	1	0
	52.332	**28.025**
C. Prepaid expenses	**381**	**128**
	248.314	**165.535**

Equity and Liabilities

	2015	2014
	K€	K€
A. Equity		
Share capital	20.000	20.000
	20.000	**20.000**
B. Provisions and accruals		
1. Pensions and similar obligations	211	146
2. Other provisions and accruals	12.661	8.406
	12.872	**8.552**
C. Liabilities		
1. Trade payables	12.030	12.753
2. Liabilities to affiliated companies	203.412	124.230
	215.442	**136.983**
	248.314	**165.535**

Novelis Sheet Ingot GmbH, Göttingen

Income Statement for Financial Year April 1, 2014 to March 31, 2015

		2014/15	2013/14
		K€	K€
1.	Sales	24.496	0
2.	Cost of sales	-60.150	0
3.	**Gross profit**	**-35.654**	**0**
4.	General and administrative expenses	-247	-2.406
5.	Other operating income	370	2.216
6.	Other operating expenses	-653	-982
	Operating profit	**-36.184**	**-1.172**
7.	Interest and similar expenses	-8.694	-2.237
	Financial result	**-8.694**	**-2.237**
8.	**Profit from ordinary activities**	**-44.878**	**-3.409**
9.	Loss transferred due to profit and loss transfer agreement	44.878	3.409
10.	**Profit for the year**	**0**	**0**

Novelis Sheet Ingot GmbH, Goettingen

Notes to the Financial Statements for Financial Year 2014/2015

(1) GENERAL BASIS OF PRESENTATION

In accordance with § 267 German Commercial Code (HGB) Novelis Sheet Ingot GmbH is a medium-size corporation. The annual financial statements for the period April 1, 2014 to March 31, 2015, are prepared in compliance with the provisions of the Commercial Law (HGB) for large corporations and the Limited Liability Company Law (GmbHG).

The sole shareholder of Novelis Sheet Ingot GmbH is Novelis Deutschland GmbH, Goettingen.

In accordance with § 271 Section 2 HGB, affiliated companies of Novelis Deutschland GmbH are the ultimate parent company Hindalco Industries Ltd., Mumbai, India and all subsidiaries of this parent company.

Novelis Sheet Ingot GmbH is included in the consolidated financial statements of Hindalco Industries Ltd., Mumbai, India (largest group of consolidated companies), as well as Novelis Inc., Toronto, Canada (smallest group of consolidated companies). The consolidated financial statements are available at the registered seat of these companies.

(2) ACCOUNTINIG POLICIES

Assets

Acquired intangible and fixed assets are valued at acquisition or production cost less ordinary accumulated amortization or depreciation. Grants received are recognized as a reduction of acquisition cost.

Buildings are depreciated straight-line over 10 to 33 years. Technical equipment and machinery as well as other plant, furniture and office equipment are depreciated straight-line over 3 to 33 years. Unplanned depreciation is recognized if necessary. Intangible assets are amortized over 3 years.

Low-value items up to € 150 excluding VAT are fully expensed in the year of receipt.

Inventory is measured at average acquisition cost. Risks due to slow-moving items or limited usability are covered by appropriate allowances.

Receivables and other assets are measured at nominal values less allowances for specific and general foreseeable risks. Receivables from and payables to affiliated companies are netted to the extent the requirements of § 387 German Civil Law (BGB) are met.

Cash is stated at nominal value.

Equity and Liabilities

Equity is stated at nominal value.

Pension obligations are measured using the projected unit credit method. The discount rate, as provided by the German Federal Reserve Bank, is the average market interest

rate for the previous 7 years assuming a remaining term of pension obligations of 15 years. Assumed annual salary increase was 2.75 % and annual pension increase was 2.00 %. Life expectancy statistics 2005G of Prof. Dr. K. Heubeck are applied.

Other provisions and accruals are measured taking into account all identifiable risks. They are recognized at the amount reasonably necessary to settle the obligation. Other provisions and accruals with a remaining term of more than a year are discounted with the average market interest rate of the last 7 years equivalent to the remaining term of the obligation.

Liabilities are stated at their settlement amount.

Foreign currency

Long-term foreign currency receivables are converted with the spot exchange rate at the transaction date or the lower spot exchange rate as of balance sheet date (principle of prudence). Short-term foreign currency receivables (due within a year) as well as cash, cash equivalents and other short-term assets denominated in foreign currencies are converted with the spot exchange rate as of balance sheet date.

Long-term foreign currency liabilities are measured with the spot exchange rate of the transaction date or the higher spot exchange rate as of balance sheet date (principle of prudence). Short-term foreign currency liabilities (due within a year) are converted with the spot exchange rate as of balance sheet date.

(3) BALANCE SHEET

(3.1) Non-current assets movement schedule

The development of non-current assets is on page 15 to 17.

(3.2) Receivables and other assets

Receivables from affiliated companies and other assets are due within a year. As of March 31, 2015, receivables from the sole shareholder Novelis Deutschland GmbH were K€ 43,880 (prior year K€ 2,418, which resulted from loss transfer due to the profit and loss transfer agreement in the amount of K€ 44,878 (prior year K€ 3,409) and are netted with trade payables in the amount of K€ 1,498 (prior year K€ 991). The remaining receivables from affiliated companies resulted from the sale of goods and services in the amount of K€ 4,752 (prior year K€ 3,534). In the previous year, receivables from borrowings in the amount of K€ 19,067 were included.

(3.3) Provisions and accruals

Provisions for pension obligations are K€ 205 as of March 31, 2015 (prior year K€ 144). The underlying interest rate is 4.37%.

Actuarial assumptions in measuring jubilee obligations are in line with the calculation of the pension obligations.

Other provisions and accruals comprise primarily of accruals for goods and services received but not invoiced (K€ 11,754; prior year K€ 8,107 and personnel provisions and

accruals (K€ 913; prior year K€ 301).

(3.4) Liabilities

	2015 K€	Due within a year K€	Due after more than 5 years K€	2014 K€	Due within a year K€	Due after more than 5 years K€
Trade payables	12,030	12,030	-	12,753	12,753	-
Liabilities to affiliated companies [1), 2), 3)]	203,412	43,412	160,000	124,230	4,230	120,000
	215,442	**55,442**	**160,000**	**136,983**	**16,983**	**120,000**

[1)] Thereof from purchase of goods and services	13,055	2,370
[2)] Thereof from financing	190,357	121,860
[3)] Thereof to shareholder	43,440	41,007

As of the balance sheet date, liabilities to the sole shareholder Novelis Deutschland GmbH in the amount of K€ 43,440 (prior year K€ 41,007) resulted from financing.

(4) INCOME STATEMENT

(4.1) Prior period income/expenses

In the reporting period no material prior period income /expenses have been incurred.

(4.2) Income/Expenses from exchange rate differences

Other operating income includes income from exchange rate differences in the amount of K€ 39 (prior year K€ 0). Other operating expenses include expenses from exchange rate differences amounting to K€ 556 (prior year K€ 0).

(4.3) Interest and similar expenses

Interest and similar expenses include interest payable to affiliated companies in the amount of K€ 8,694 (prior year K€ 2,237).

(5) Material expenses

	2014/15	2014/15
	K€	K€
Raw material	4,137	-
Services received	12,030	-
	16,167	**-**

(6) Personnel expenses

	2014/2015	2013/2014
	K€	K€
Salaries and wages	9,351	1,753
Social security	2,016	280
Thereof pension costs	724	125
	11,367	**2,033**

(7) Managing directors

Fortunato Llamido Lucido, managing director

The managing director did not receive any remuneration from the company.

(8) EMPLOYEES (average number of employees)

	2014/15	2013/14
Production	173	49
Administration and sales	19	20
	192	**69**

(9) CONTINGENCIES

The latest comprehensive refinancing of the group took place on December 17, 2010. Afterwards, the Novelis group had a financial capital in the amount of US$ 5,500 million available to them. Novelis Inc. issued two Unsecured Senior Notes in the amount of US$ 2,500 and obtained a Term Loan Facility in the amount of US$ 1,800 million.

Since the formation of the company in July 2012, Novelis Sheet Ingot is part of the joint liability scheme following financing arrangements outlined below:

The term loan facility was increased by US$ 100 million in course of a financing transaction (Increase and accession agreement) on March 5, 2013. Additionally, an Asset Based Revolving Credit Facility in the amount of US$ 1,200 million is available. In October 2014, the financing resources have been extended.

The company assigned all moveable assets which are legal property of Novelis Sheet Ingot GmbH by way of security to the secured party.

The company pledged all German bank accounts in favor of the secured party.

The company is obliged not to create mortgages on land and similar property rights. Mortgages in favor of the secured party have not been created.

The company assigned all intellectual property rights by way of security to the secured party.

In the ordinary course of business, the security provider has extensive disposition rights.

Due to the guarantees and securities given, Novelis Sheet Ingot GmbH is exposed to potential claims. However at the date of the preparation of the financial statements, no claims have been made and management does not expect claims in the financial year 2015/2016 given that the relevant company's expected liquidity has a high likelihood to provide sufficient funds to fulfill the agreement in time.

(10) OTHER FINANCIAL COMMITMENTS AND OFF-BALANCE-SHEET TRANSACTIONS

As of March 31, 2015, purchasing commitments in the amount of K€ 10,385 (prior year K€ 58,840) exist.

Goettingen, May 7, 2015

Novelis Sheet Ingot GmbH

Fortunado Llamido Lucido

Movement in Fixed Assets

Novelis Sheet Ingot GmbH, Goettingen

Movement in Fixed Assets

	Historical cost				
	April 1, 2014	**Additions**	**Reclassi-fications**	**Disposals**	**March 31, 2015**
	K€	**K€**	**K€**	**K€**	**K€**
I. Intangible assets					
1. Prepayments	**0**	255	0	0	**255**
	0	255	0	0	**255**
II. Property, plant and equipment					
1. Property, buildings and similar property rights	**894**	0	82,343	0	**83,237**
2. Technical equipment and machinery	**0**	0	118,317	0	**118,317**
3. Other plant, furniture and office equipment	**0**	0	2,221	0	**2,221**
4. Prepayments and construction in progress	**136,488**	71,172	-202,881	0	**4,779**
	137,382	71,172	0	0	**208,554**
	137,382	**71,427**	**0**	**0**	**208,809**

Amortization and depreciation				Book value	
April 1, 2014	Additions	Disposals	March 31, 2015	March 31, 2015	March 31, 2014
K€	K€	K€	K€	K€	K€
0	0	0	**0**	**255**	**0**
0	0	0	**0**	**255**	**0**
0	2,740	0	**2,740**	**80,497**	**894**
0	10,208	0	**10,208**	**108,109**	**0**
0	260	0	**260**	**1,961**	**0**
0	0	0	**0**	**4,779**	**136,488**
0	13,208	0	**13,208**	**195,346**	**137,382**
0	**13,208**	**0**	**13,208**	**195,601**	**137,382**

Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Novelis Sheet Ingot GmbH, Goettingen, for the business year from April 1, 2014 to March 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany - IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, May 8, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(sgd.) Nadia Brieder-Markl	(sgd.) ppa. Georg Rogowski
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)