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Independent Auditor's Report

To the Management of 4260856 Canada Inc.:

We have audited the accompanying financial statements of 4260856 Canada Inc. (parent company alone), which comprise the balance sheet as of March 31, 2015 and the related statements of operations, of comprehensive income, of shareholder's equity and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Chapter IX of the India Companies Act, 2013 as further described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by 4260856 Canada Inc. in accordance with the financial reporting provisions of Chapter IX of the India Companies Act, 2013, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the India Companies Act, 2013.

The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of 4260856 Canada Inc. (parent company alone) as of March 31, 2015, or the results of its operations or its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 4260856 Canada Inc. (parent company alone) as of March 31, 2015, and the results of its operations and its cash flows the year then ended in accordance with the financial reporting provisions of Chapter IX of the India Companies Act, 2013 as further described in Note 1.

Other Matter

The accompanying balance sheet of 4260856 Canada Inc. (parent company alone) as of March 31, 2014, and related statements of operations, of comprehensive income, of shareholder's equity and of cash flows for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

PricewaterhouseCoopers LLP

Atlanta, Georgia
June 17, 2015

4260856 Canada Inc.
BALANCE SHEET
(In thousands, except number of shares)

	March 31,	
	2015	**2014 (Unaudited)**
ASSETS		
Current assets		
Cash and cash equivalents	$ 1	$ 1
Total current assets	1	1
Investment in subsidiary	183,970	183,970
Total assets	$ 183,971	$ 183,971
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accrued expenses and other current liabilities	$ 431	$ -
Total current liabilities	431	-
Total liabilities	431	-
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 100 shares issued and outstanding as of March 31, 2015 and 2014	-	-
Additional paid–in capital	183,971	183,971
Accumulated deficit	(431)	-
Total shareholder's equity	183,540	183,971
Total liabilities and shareholder's equity	$ 183,971	$ 183,971

See accompanying notes to the financial statements.

4260856 Canada Inc.
STATEMENT OF OPERATIONS
(In thousands)

	Year Ended March 31,	
	2015	**2014 (Unaudited)**
Dividend income — related parties	$ -	$ 36,001
Income before income taxes	-	36,001
Income tax provision	431	1,800
Net (loss) income	$ (431)	$ 34,201

See accompanying notes to the financial statements

4260856 Canada Inc.
STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended March 31,	
	2015	**2014 (Unaudited)**
Net (loss) income	$ (431)	$ 34,201
Comprehensive (loss) income	$ (431)	$ 34,201

See accompanying notes to the financial statements.

4260856 Canada Inc.
STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended March 31,	
	2015	**2014 (Unaudited)**
OPERATING ACTIVITIES		
Net (loss) income	$ (431)	$ 34,201
Adjustments to determine net cash provided by operating activities:		
Changes in assets and liabilities:		
Other current liabilities	431	-
Net cash provided by operating activities	-	34,201
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Dividends paid	-	(34,201)
Net cash (used in) financing activities	-	(34,201)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents — beginning of period	1	1
Cash and cash equivalents — end of period	$ 1	$ 1

See accompanying notes to the financial statements

4260856 Canada Inc.
STATEMENT OF SHAREHOLDER'S EQUITY
(In thousands, except number of shares)

	Common Shares		Additional Paid-in	Accumulated	Total
	Shares	**Amount**	**Capital**	**Deficit**	**Equity**
Balance as of March 31, 2013 (Unaudited)	**100**	**$ -**	**$ 185,264**	**$ (1,293)**	**$ 183,971**
Net income	-	-	-	34,201	34,201
Dividends declared and paid	-	-	(1,293)	(32,908)	(34,201)
Balance as of March 31, 2014 (Unaudited)	100	-	183,971	-	183,971
Net loss	-	-	-	(431)	(431)
Balance as of March 31, 2015	**100**	**$ -**	**$ 183,971**	**$ (431)**	**$ 183,540**

See accompanying notes to the financial statements

4260856 Canada Inc.
NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization of Business

4260856 Canada Inc. was formed in Canada on November 10, 2004. 4260856 Canada Inc. common shares are directly held by Novelis Inc. (Canada). The Company's functional and reporting currency is United States Dollar (USD).

Use of Estimates and Assumptions

The preparation of our 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 as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to tax uncertainties and valuation allowances. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our 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 solely to satisfy the reporting requirements of the ultimate parent company, Hindalco Industries Limited, to present separate audited subsidiary financial statements in accordance with Sections 136 and 137 of the Companies Act, 2013 in India (2013 Act). The results of the Company's separate financial statements are also included in the consolidated financial statements of our direct parent, Novelis Inc., and of our ultimate parent, Hindalco Industries Limited, and those consolidated financial statements are publicly available.

U.S. Generally Accepted Accounting Principles (U.S. GAAP) require 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 2013 Act as interpreted, calls for separate financial statements to be presented. Accordingly, we have presented these financial statements on a standalone unconsolidated basis, which is a deviation from U.S. GAAP. Otherwise, these separate financial statements are prepared in accordance with U.S. GAAP. 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.

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.

Investment in Subsidiary

For purposes of these standalone financial statements, we account for our investment in subsidiary using the cost method. See Note 2 — Investment in Subsidiary for further discussion.

Income Taxes

We account for income taxes using the asset and liability method. This approach recognizes the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates. Under ASC 740, *Income Taxes* (ASC 740), a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient taxable income through various sources. 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) by 4260856 Canada Inc. when those tax attributes are realized (or realizable) by the consolidated group of Novelis Inc. even if 4260856 Canada Inc. 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., 4260856 Canada Inc. would generally reflect a benefit in its separate financial statements. See Note 4 — Income Taxes for further discussion.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Operating Guarantees

We have issued guarantees on behalf of certain of Novelis Inc.'s subsidiaries. The indebtedness guaranteed is for trade accounts payable to third parties. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of the other subsidiaries hold any assets of any third parties as collateral to offset the potential settlement of these guarantees.

Guarantees of Indebtedness

On December 17, 2010, Novelis Inc. issued $1.1 billion in aggregate principal amount of 8.375% Senior Notes Due 2017 (the 2017 Notes) and $1.4 billion in aggregate principal amount of 8.75% Senior Notes Due 2020 (the 2020 Notes, and together with the 2017 Notes, the Notes). We have issued guarantees on behalf of Novelis Inc.'s (the Parent and Issuer) 2017 Notes and 2020 Notes. This guarantee is full and unconditional as well as joint and several. As of March 31, 2015, no contingent loss has been recorded related to the guarantee of debt.

The Notes contain customary covenants and events of default that will limit Novelis Inc.'s ability and, in certain instances, the ability of certain of Novelis Inc.'s subsidiaries to (1) incur additional debt and provide additional guarantees, (2) pay dividends or return capital beyond certain amounts and make other restricted payments, (3) create or permit certain liens, (4) make certain asset sales, (5) use the proceeds from the sales of assets and subsidiary stock, (6) create or permit restrictions on the ability of certain of Novelis Inc.'s subsidiaries to pay dividends or make other distributions to Novelis Inc., (7) engage in certain transactions with affiliates, (8) enter into sale and leaseback transactions, (9) designate Novelis Inc.'s subsidiaries as unrestricted subsidiaries and (10) consolidate, merge or transfer all or substantially all of Novelis Inc.'s assets and the assets of certain of Novelis Inc.'s subsidiaries. During any future period in which either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc. have assigned an investment grade credit rating to the Notes and no default or event of default under the Indenture has occurred and is continuing, most of the covenants will be suspended. The Notes include a cross-acceleration event of default triggered if (1) any other indebtedness with an aggregate principal amount of more than $100 million is accelerated prior to its maturity or (2) not repaid at its maturity. As of March 31, 2015, Novelis Inc. was in compliance with the covenants in the Notes.

As of March 31, 2015, Novelis Inc. has outstanding senior secured credit facilities, which consist of (1) a $1.7 billion four-year secured term loan credit facility (Term Loan Facility) and (2) a $1.2 billion five-year asset based loan facility (ABL Revolver) which has a provision that allows the facility to be increased by an additional $500 million. The Term Loan Facility interest rate is equal to LIBOR (with a floor of 1%) plus a spread of 2.75%, at all times. We have issued guarantees on behalf of Novelis Inc.'s Term Loan Facility and ABL Revolver. As of March 31, 2015, no contingent loss has been recorded related to the guarantee of debt.

The senior secured credit facilities contain various affirmative covenants, including covenants with respect to consolidated Novelis Inc. financial statements, litigation and other reporting requirements, insurance, payment of taxes, employee benefits and (subject to certain limitations) causing Novelis Inc.'s subsidiaries to pledge collateral and guaranty Novelis Inc.'s obligations. The senior secured credit facilities also include various customary negative covenants and events of default, including limitations on Novelis Inc.'s 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. The senior secured credit facilities include a cross-default provision under which lenders could accelerate repayment of the loans if a payment or non-payment default arises under any other indebtedness with an aggregate principal amount of more than $100 million (or, in the case of the Term Loan Facility, under the ABL Revolver regardless of the amount outstanding). Substantially all of consolidated Novelis Inc.'s assets are pledged as collateral under the senior secured credit facilities. As of March 31, 2015, Novelis Inc. was in compliance with the covenants in the Term Loan Facility and ABL Revolver.

In June 2015, Novelis Inc. amended its Term Loan Facility to increase the principal to $1.8 billion and extend the final maturity to June 2, 2022; provided that, in the event that any series of Novelis Inc.'s senior unsecured notes remain outstanding 92 days prior to its maturity date, then the Term Loan Facility will mature on such date, subject to limited exceptions. The amended Term Loan Facility accrues interest at the higher of LIBOR and 0.75% plus a 3.25% spread. We have issued guarantees on behalf of Novelis Inc. on the new amended Term Loan Facility.

In addition, in June 2015, Novelis Inc. entered into a new $200 million Junior Lien Revolver, which matures in September 2016. The Junior Lien Revolver accrues interest at LIBOR plus a spread of 3.25% to 3.50%, as specified in the agreement. We have issued guarantees on behalf of Novelis Inc. on the Junior Lien Revolver.

Recently Adopted Accounting Standards

Effective for the first quarter of fiscal 2015, we adopted Financial Accounting Standards Board ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* The amendments in this update provide guidance on the presentation of unrecognized tax benefits and will better reflect the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The adoption of this standard had an insignificant impact on our financial position.

2. INVESTMENT IN SUBSIDIARY AND RELATED PARTY TRANSACTIONS

The following table summarizes our ownership percentage of our subsidiary in which we have an investment as of March 31, 2015 and March 31, 2014 (in thousands) using the cost method.

	March 31,		Participation
	2015	2014 (Unaudited)	
Shareholdings - Common Stock			
Novelis Korea Limited	$ 183,970	$ 183,970	40.74%

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

	March 31,	
	2015	2014 (Unaudited)
Dividend income — related party	$ -	$ 36,001

3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31,	
	2015	2014 (Unaudited)
Accrued withholding tax	$ 431	$ -
Accrued expenses and other current liabilities	$ 431	$ -

4. INCOME TAXES

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

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

	Year Ended March 31,	
	2015	**2014**
		(Unaudited)
Domestic (Canada)	$ -	$ 36,001
Pre-tax income	$ -	$ 36,001

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

	Year Ended March 31,	
	2015	**2014**
Current provision:		**(Unaudited)**
Domestic (Canada)	$ 431	$ 1,800
Total current	431	1,800
Deferred provision:		
Domestic (Canada)	-	-
Total deferred	-	-
Income tax provision	$ 431	$ 1,800

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, 2015 the Company had total deferred tax assets of approximately $299 thousand arising from net operating losses. At March 31, 2014 the Company had total deferred tax assets of approximately $299 thousand arising from net operating losses.

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 $299 thousand and $299 thousand were necessary as of March 31, 2015 and 2014, respectively.

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

As of March 31, 2015, we had net operating loss carryforwards of approximately $299 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2032. As of March 31, 2015, a valuation allowance of $299 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

As of March 31, 2014, we had net operating loss carryforwards of approximately $299 thousand (tax effected), which will be available to offset future taxable income. The carryforwards begin expiring in fiscal 2032. As of March 31, 2014, a valuation allowance of $299 thousand had been recorded against the net operating loss carryforwards, where it appeared more likely than not that such benefits will not be realized. The net operating loss carryforwards are located in Canada.

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

5. SUPPLEMENTAL INFORMATION

Supplemental cash flow information (in thousands).

	Year Ended March 31,	
	2015	**2014 (Unaudited)**
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 1,874	$ 1,589