Strategic report

Strategic report for the year ended 31 March 2015

The directors present their strategic report on the Company for the year ended 31 March 2015.

Business Review

The principal activity is to hold the license to the Novelis Brand and to charge associated branding, technology and service fees to group companies.

Principal Risks and Uncertainties

The Company's operations expose it periodically to financial risks associated with the effects of changes in foreign currency exchange rates.

Risk Management Policies are set by the Novelis Group, and are adopted in full by the Company. Specifically Novelis has policies and procedures manuals that set out specific guidelines to manage foreign currency risk and circumstances where it would be appropriate to use financial instruments to manage this.

The Company is occasionally exposed to currency risk on foreign currency receipts and payments. In-line with Novelis Group policy all foreign currency commitments are covered by forward currency contracts, at the time they arise, so as to fix the functional currency value of the Company's future cash flows.

Key Performance Indicators

The directors consider the Company's key performance indicators to be financial, specifically turnover and operating profit. These are disclosed in the financial statements.

By order of the Board

F Lucido
Director

12 May 2015

Directors' report

The directors present their report together with the audited financial statements of the Company for the year ended 31 March 2015.

1. Directors and their interests

The directors who served during the year and subsequently were:

F. Lucido
C. Courts (appointed 26 May 2014)
J. M. Quick (appointed 26 May 2014)

There are no disclosable directors' interests in the Company's shares. No director during or at the end of the year had any material interest in any significant contract with the Company.

2. Activity, review of the business and future development

These details are now contained within the strategic report.

3. Results and dividends

The result for the year is set out on page 7. No ordinary dividends were paid during the year (2014: NIL).

The Directors do not propose the payment of a final dividend.

4. Subsequent events

There have been no subsequent events.

5. Financial risk management / principal risks and uncertainties

These details are now contained within the strategic report.

6. Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Provision of information to auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken appropriate steps to ensure that they are aware of such relevant audit information and that the auditors are aware of that information.

8. Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office. Resolutions concerning their re-appointment and the authorisation of the directors to determine their remuneration will be submitted to the forthcoming Annual General Meeting of the Company.

By order of the Board

F Lucido
Director 12 May 2015

Registered office:
Latchford Locks Works
Thelwall Lane
Warrington
Cheshire
WA4 1NN

Independent auditors' report to the members of Novelis Services Limited

Report on the financial statements

Our opinion

In our opinion, Novelis Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Novelis Services Limited's financial statements comprise:

- the accounting policies;
- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the balance sheet as at 31 March 2015; and
- the notes to the financial statements, which include and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Novelis Services Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea, 12 May 2015

Statement of Accounting Policies

1. Accounting convention

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Principles.

A summary of the more important policies which have been applied consistently is set out below:-

The Company's results are consolidated in the consolidated financial statements of Novelis Inc. that are publicly available. Consequently the Company has taken advantage of the exemptions granted by FRS 1 (revised 1996) and has not provided a cash flow statement.

Under FRS 8, the Company is exempt from the requirement to disclose related party transactions with Novelis Inc. and its subsidiaries on the grounds that it is a wholly owned subsidiary undertaking.

The Company's functional currency is US$ and the report and accounts have been prepared and presented in that currency.

2. Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax liabilities and assets, using full provision accounting, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

3. Turnover

Turnover represents the amount invoiced in the ordinary course of business for services provided.

4. Intangible assets

Intangible assets are recorded at cost.

Amortisation of intangible assets is calculated on original cost at rates estimated to write off the assets over their useful lives by equal instalments. The annual rates in use are:

Tradename License	20%
Trademark Brand	5%

If business conditions or changes in circumstances indicate asset values may be impaired an estimate is made of the discounted future cashflow arising from an asset or group of assets and impairment charges made when this estimated cashflow is less than the recorded value of the asset.

5. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date or the forward rate where forward exchange contracts have been entered into. Gains or losses on translation are included in the profit and loss account.

Profit and loss account for the year ended 31 March 2015

Registered in England
Number 6628654

	Note	2015 US$'000	2014 US$'000
Turnover	1	**101,651**	84,476
Cost of sales		**(42,257)**	(42,661)
Gross profit		**59,394**	41,815
Administration Expense		**(4,810)**	(1,603)
Operating profit		**54,584**	40,212
Interest receivable and similar income	4	**2,477**	169
Profit on ordinary activities before taxation		**57,061**	40,381
Tax charge on profit on ordinary activities	5	**(11,308)**	(9,715)
Profit on ordinary activities after taxation and profit for the financial year	12, 13	**45,753**	30,666

All activities are continuing. The historical profit on ordinary activities after taxation is not materially different from the reported profit on ordinary activities after taxation above and therefore it is not considered necessary to prepare a statement of historical cost profits and losses as required by FRS 3.

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been prepared.

The statement of accounting policies on page 6 and the notes on pages 9 to 12 form part of these financial statements.

Novelis Services Limited

Balance sheet as at 31 March 2015

	Note	2015 US$'000	2014 US$'000
Fixed assets			
Intangible assets	6	185,925	195,975
		185,925	195,975
Current assets:			
Debtors: amounts falling due within one year	7	25,818	18,572
Debtors: amounts falling due after more than one year	8	72,150	26,580
Cash at bank		3,550	4,277
		101,518	49,429
Creditors: amounts falling due within one year	9	(8,880)	(12,594)
Net current assets		92,638	36,835
Total assets less current liabilities		278,563	232,810
Creditors: amounts falling due after more than one year	10	-	-
Net assets		278,563	232,810
Capital and reserves			
Called up share capital	11	201,010	201,010
Profit and loss account	12	77,553	31,800
Total shareholder's funds	13	278,563	232,810

F Lucido
Director

The Board of Directors approved the financial statements on 12 May, 2015.

The statement of accounting policies on page 6 and the notes on pages 9 to 12 form part of these financial statements.

Notes to the accounts

1. Turnover

An analysis of turnover by geographical market is as follows:

	2015 US$'000	2014 US$'000
United Kingdom	-	373
Rest of Europe	10,751	8,291
Americas	84,982	71,080
Asia	4,840	4,357
Middle East	1,078	375
	101,651	84,476

2. Profit on ordinary activities before taxation

	2015 US$'000	2014 US$'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
- for audit services	**29**	23
Amortisation of tradename license (note 6)	**10,050**	15,025

3. Staff costs and directors' emoluments

The Company does not employ any staff. During the year no director received any emoluments for qualifying services to the Company. No pension contributions were made on behalf of any director nor at the year end was any director accruing retirement benefits in relation to qualifying services.

4. Interest receivable and similar income

	2015 US$'000	2014 US$'000
Interest receivable on intercompany loans	**2,477**	169

5. Tax on profit on ordinary activities

	2015 US$'000	2014 US$'000
Current tax:		
UK corporation tax on profits for the year	**9,151**	8,652
Double tax relief	**(9,151)**	(8,652)
Overseas tax incurred	**11,308**	9,715
Current tax charge for the year	**11,308**	9,715
Deferred tax charge	**-**	-
Tax charge on profit on ordinary activities	**11,308**	9,715

UK corporation tax has been provided where applicable at a rate of 21% (2014: 23%).

5. Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2015 US$'000	2014 US$'000
Profit on ordinary activities before tax	57,061	40,381
Profit on ordinary activities multiplied by standard rate in the UK 21% / 23%	11,983	9,288
Effects of:		
Losses unrecognised	-	-
Overseas tax suffered	11,308	9,715
UK deduction for overseas tax suffered	(9,151)	(8,652)
Group relief received for no charge	(2,832)	(636)
Current tax charge	11,308	9,715

There are no significant current factors that will affect future tax charges.

6. Intangible fixed assets

	Trademark US$'000	Trademark License US$'000	Total US$'000
Cost:			
At beginning of the year	201,000	100,000	301,000
Additions	-	-	-
At end of the year	201,000	100,000	301,000
Amortisation:			
At beginning of the year	5,025	100,000	105,025
Charge for the year	10,050	-	10,050
At end of the year	15,075	100,000	115,075
Net book amount at 31 March 2015	**185,925**	-	**185,925**
Net book amount at 31 March 2014	195,975	-	195,975

7. Debtors: amounts falling due within one year

	2015 US$'000	2014 US$'000
Amounts owed by group undertakings	23,172	18,403
Intercompany interest receivable	2,646	169
	25,818	18,572

8. Debtors: amounts falling due after more than one year

	2015 US$'000	2014 US$'000
Amounts owed by group undertakings	72,150	26,580
	72,150	26,580

The loan of $72,150k, bears interest at a rate of 4.5%, is due to be repaid to the Company by 17 December 2018. The amount due from group undertakings is unsecured.

9. Creditors: amounts falling due within one year

	2015 US$'000	2014 US$'000
Amounts owed to group undertakings	8,833	12,547
Accruals and deferred income	47	47
	8,880	12,594

10. Creditors: amounts falling due after more than one year

	2015 US$'000	2014 US$'000
Amounts owed to group undertakings	-	-

11. Called up share capital

	2015 US$'000	2014 US$'000
201,010,000 ordinary shares of $1 each	201,010	201,010

12. Profit and loss account

	US$'000
At 1 April 2014	31,800
Profit for the financial year	45,753
At 31 March 2015	77,553

13. Reconciliation of movement in shareholder's funds

	2015 US$'000	2014 US$'000
Profit for the financial year and net increase of shareholder's funds	45,753	30,666
Share capital issued in the 2014 (201,000,000 ordinary shares of $1 each)	-	201,000
Opening shareholder's funds	232,810	1,144
Closing shareholder's funds	278,563	232,810

14. Contingent liabilities

At the balance sheet date Novelis Inc's senior secured facilities consisted of (1) a $1.73 billion secured term loan credit facility due March 2017 and (2) an $1.2 billion asset based loan facility (ABL Facility) due October 2019 that may be increased by an additional $500 million. All the assets of the Company, along with those of certain other companies in the Novelis Inc. group, have been pledged as security for these facilities. As of March 2015, there were $609 million of outstanding borrowings under the ABL facility (2014: $563m).

15. Ultimate parent company

In the opinion of the directors, the ultimate parent company and controlling party at the balance sheet date was Hindalco Industries Ltd, a company incorporated in India. Hindalco Industries Ltd was also the parent company of the largest group in which Novelis Services Limited is included. Novelis Inc is the parent company of the smallest group in which Novelis Services Limited is included. Copies of this company's financial statements can be obtained from its head office at Century Bhavan, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai 400 030.

The Company's immediate parent company is Novelis UK Ltd, a company incorporated in England and Wales.