Strategic report

Activity, review of the business and future development

The Company is an investment holding company. It does not trade and its principal objective is to facilitate the efficient management and funding of Novelis' operations in Germany, the United Kingdom, Italy and Switzerland. The directors expect the Company to continue to operate in its current role in the future.

The directors consider the Company's key performance indicators to be financial, specifically profit on ordinary activities before taxation. This is disclosed in the financial statements.

Financial risk management / 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 capital receipts and payments and dividends. 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.

By order of the Board

F Lucido
Director

12 May 2015

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

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:

S. Clarke
P. Labat
F. Lucido
J. Quick
V. Nguyen (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 Group or Company.

2. Results and dividends

The result for the year is set out on page 8. No dividends were paid during the year (2014: nil).

The Directors do not propose the payment of a final dividend (2014: nil).

3. Investments

The directors have reviewed the carrying value of the Company's Investments in subsidiaries based on forward financial projections and have impaired its investment in Novelis Italia by $7.8 million (2014 : $45.5 million net write up)

4. 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.

5. 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.

6. 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 Europe Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Novelis Europe Holdings 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 loss 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 income statement for the year then ended;
- the statement of financial position as at 31 March 2015;
- the statement of change in equity for the year then ended; and
- the notes to the financial statements, which include 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Europe Holdings 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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis, in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102") and the Companies Act 2006.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Exemptions

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 102 and has not provided a cash flow statement.

Under FRS 102, 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.

Consolidation

The results of the Company and its subsidiaries are consolidated in the consolidated accounts of its immediate parent, Novelis Inc. These accounts have been prepared in a manner consistent with consolidated accounts prepared under the European Commission's 7th Company Law Directive and so the Company has taken advantage of the exemption allowed under section 401(2) (d) of the Companies Act 2006 and has not prepared group accounts.

Foreign currency

(i) Functional and presentation currency
The company's functional and presentation currency is US $.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within "finance (expense)/income". All other foreign exchange gains and losses are presented in the profit and loss account within "Other operating (losses)/gains".

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Taxation (continued)

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments

Investments are recorded at cost. If business conditions or changes in circumstances indicate that asset values may be impaired, an impairment review is undertaken and impairment charges are recorded if the carrying value of the investment exceeds the higher of its realisable value and its value in use.

Income statement for the year ended 31 March 2015

Registered in England
Number 5308334

	Note	2015 $'000	2014 $'000
Other Operating (Expense) / Income		(2,420)	1,392
Operating (loss)/profit		(2,420)	1,392
Net amounts (written off) / written back to investments	7	(7,810)	45,503
(Loss)/profit on ordinary activities before interest and taxation		(10,230)	46,895
Interest receivable and similar income	4	596	638
Interest payable and similar charges	4	(13,299)	(6,839)
(Loss)/profit on ordinary activities before taxation	5	(22,933)	40,694
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the financial year		(22,933)	40,694

The statement of accounting policies on pages 6 and 7 and the notes on pages 11 to 15 form part of these financial statements.

Statement of comprehensive (expense) / income

	2015 $'000	2014 $'000
Total comprehensive (expense) / income for the year	**(22,933)**	**40,694**

Statement of financial position as at 31 March 2015

	Note	2015 $'000	2014 $'000
Fixed Assets:			
Investments	7	**570,042**	577,852
Current assets:			
Debtors (including $10,070,000 (2014: $12,905,000) due after one year)	8	**10,228**	13,068
Cash		**3**	6
		10,231	13,074
Creditors: amounts falling due within one year	9	**(8,386)**	(6,689)
Net current assets		**1,845**	6,385
Total assets less current liabilities		**571,887**	584,237
Creditors: amounts falling due after more than one year	10	**(217,269)**	(206,686)
Net assets		**354,618**	377,551
Capital and reserves			
Called up share capital	11	**309,373**	309,373
Retained earnings		**45,245**	68,178
Total equity		**354,618**	377,551

The financial statements on pages 6 to 15 were authorised by issue of the board of directors on 12 May 2015 and were signed on its behalf by:

F Lucido
Director

The statement of accounting policies on pages 6 to 7 and the notes on pages 11 to 15 form part of these financial statements.

Statement of change in equity

	Called up share capital	Retained earnings	Total
	$000	$000	$000
Balance as at 1 April 2013	309,373	27,484	336,857
Profit for the financial year and total comprehensive income for the year	-	40,694	40,694
Balance as at 31 March 2014	**309,373**	**68,178**	**377,551**
Balance as at 1 April 2014	309,373	68,178	377,551
Loss for the financial year and total comprehensive expense for the year	-	(22,933)	(22,933)
Balance as at 31 March 2015	**309,373**	**45,245**	**354,618**

Notes to the accounts

1. Statement of compliance

The individual financial statements of Novelis Europe Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the assumptions made in the impairment assessment referred to in note 7.

3. Staff costs and directors' emoluments

The Company does not employ any staff. During the year no director (2014: none) 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 the qualifying services.

4. Interest

Interest: interest receivable and similar income

	2015 $'000	2014 $'000
Interest receivable on intercompany loans	596	638

Interest: interest payable and similar charges

	2015 $'000	2014 $'000
Interest payable on intercompany loans	13,299	6,839

5. Profit/ (loss) on ordinary activities before taxation

	2015 $'000	2014 $'000
Profit/ (loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
- for audit services	30	30

The Company's audit fee has been recharged to its subsidiary Novelis UK Ltd.

Notes to the accounts (continued)

6. Tax on profit / (loss) on ordinary activities

	2015 $'000	2014 $'000
Tax credit on (loss) / profit on ordinary activities	-	-

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

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

	2015 $'000	2014 $'000
(Loss)/profit on ordinary activities before tax	(22,933)	40,694
Profit / (loss) on ordinary activities multiplied by standard rate in the UK 21% / 23%	(4,816)	9,360
Effects of:		
Non taxable income	-	(10,460)
Expenses not deductible for tax purposes	1,640	-
Group relief surrendered without charge	2,832	636
Unrecognised tax losses carried forward	344	464
Current tax credit	-	-

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

Deferred taxation assets of $1,304,000 (2014: $932,000) have not been recognised on the grounds that their recovery is uncertain.

7. Investments

	$'000
Cost	
At 1 April 2014	577,852
Additions	-
At 31 March 2015	577,852
Amounts written off investments	
At 1 April 2014	-
Impairment	7,810
At 31 March 2015	7,810
Net book value	
At 31 March 2015	**570,042**
At 31 March 2014	577,852

Notes to the accounts (continued)

The Company's fixed asset investment value represents the purchase cost of its wholly owned subsidiaries. The Company is exempt from preparing group accounts because the results of both it and its subsidiaries are included in the consolidated accounts of its immediate parent Novelis Inc. The table below shows the shareholders' funds reported by these subsidiaries as at 31 March 2015 and their reported profit or loss for the year ended on that date. Other than as indicated, the numbers are prepared under US GAAP as reported to Novelis Inc.

	Shareholders' Funds / (Deficit) $'000	Profit / (loss) for the year $'000
Novelis Aluminium Holding Company	374,855	(10,710)
Novelis Italia Srl	58,126	(2,740)
Novelis AG	(18,923)	(9,960)
The following are extracted from the "relevant companies" UK GAAP statutory accounts:		
Novelis UK Ltd	318,876	42,931

In 2015, an impairment exercise was completed and resulted in an amount of $7,810k being written off to the value of the Company's investment in Novelis Italia Srl.

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and initial budgets approved by management for the year were used and forecasts for a further four years, followed by an extrapolation of expected cash flows at a constant growth rate for each unit and the calculation of a terminal value based upon the longer term growth rates set out below. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the cash-generating units.

The key assumptions used for value in use calculations are as follows:

	Italy
	%
Longer-term growth rate	1.4
Discount rate	8.5

The key assumptions that have been made relate to the timing of new products being launched, the growth rate of revenue once launched and the costs associated with the manufacture and sale of the new products. The key sensitivity is the restriction of revenue growth, the directors have assessed the level of revenue forecast and are satisfied that the carrying value appropriately covers these risks.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of the principal subsidiaries is given in note 15.

The directors believe that the carrying value of the investments is supported by their underlying net assets or their future expected performance.

Notes to the accounts (continued)

8. Debtors: amounts falling due within one year

	2015 $'000	2014 $'000
Accrued interest receivable	127	163
Amount due from group undertakings	-	-
Other debtors	31	-
	158	163

Debtors: amounts falling due after more than one year

Amount due from group undertakings	10,070	12,905
Total debtors	10,228	13,068

The loan of $10,070k (2014 : $12,905k), bears interest at a rate of 5.0% and does not have a specific repayment date, but is not due within one year of the balance sheet date. The amount due from group undertakings is unsecured.

9. Creditors: amounts falling due within one year

	2015 $'000	2014 $'000
Amounts owed to group undertakings	8,386	6,677
Other creditors	-	12
	8,386	6,689

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

	2015 $'000	2014 $'000
Amounts owed to group undertakings	217,269	206,686

At the balance sheet date, 2 loans were outstanding. A loan of $72,150k (2014 : $26,580k), bearing interest at a rate of 4.5%, is repayable by 17 December 2018. A loan of $145,120k (2014 : 180,106k), bearing interest at a rate of 6.8%, is repayable by 30 September 2020. The amounts due to group undertakings are unsecured.

11. Called up share capital

	2015 $'000	2014 $'000
Allotted, called up and fully paid:		
341,138,496 ordinary shares of $0.906883	309,373	309,373

12. 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).

13. Ultimate parent company

In the opinion of the directors, the immediate, 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 Europe Holdings Limited is included. Novelis Inc is the parent company of the smallest group within which the Company's results are consolidated. 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.

14. Principal subsidiaries

A list of the principal subsidiaries is given below together with their country of incorporation (in brackets) if outside the UK and principal activities. All companies are 100% owned unless otherwise stated and operate in the aluminium industry.

Owned directly by the Company (all ordinary shares):
Novelis Aluminium Holding Company (Ireland) – Investment holding company.

Novelis UK Ltd – Operates a foil rolling mill and a recycling plant.
Novelis AG (Switzerland) – Investment holding company and provider of management services.

Majority shareholding owned by the Company (ordinary share capital):
Novelis Italia Srl (Italy) – Operates a sheet rolling mill (62.5%).

Owned by Novelis Aluminium Holding Company:
Novelis Deutschland GmbH (Germany) – Operates sheet and foil rolling mills.
Aluminium Norf GmbH (Germany) – 50% joint venture – Operates a sheet rolling mill.

Owned by Novelis Deutschland GmbH (Germany):
Novelis Sheet Ingot GmbH – Operates a recycling plant (completion in FY14/FY15)

Owned by Novelis AG:
Novelis Switzerland SA (Switzerland) – Operates a sheet rolling mill.

Owned by Novelis UK Ltd:
Novelis Services Limited – Holds license to the Novelis Brand and charges associated branding, technology and service fees.